

The Global Newspaper Edited and Published in Paris Printed simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague, Marseille, New York, Rome, Tokyo.

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

No. 32,807

33/88

PARIS, WEDNESDAY, AUGUST 17, 1988

ESTABLISHED 1867

U.S. Trade Deficit Hit \$12.5 Billion For Month of June

By Stuart Auerbach Washington Post Service WASHINGTON — The U.S. merchandise trade deficit shot up in June to \$12.5 billion, as American purchases of foreign products rose to record levels, the Commerce Department reported Tuesday. The 28.5 percent increase in the deficit, from a downward-revised May figure of \$9.76 billion, jolted markets and sent the dollar tumbling from the dollar. (Pages 9 and 15). But Allen Sinai, chief economist of Boston Co., said, "The June trade figure is a big disappointment, and the implications are very scary for financial markets. It is unfortunate and scary that the only ways to get the deficit down are further declines in the dollar and/or a major slowdown or recession in the economy," he said, adding that "neither of those prospects is very pleasant." Mr. Sinai said that "a higher dollar means higher inflation, higher interest rates and a turbulent financial market."



President Ronald Reagan shouting to reporters Tuesday as he met Vice President George Bush at an airfield in New Orleans. Mr. Reagan, who addressed the Republican convention on Monday night, departed as Mr. Bush arrived to accept the party's nomination.

Bush Discloses Senator Quayle Is Running Mate

NEW ORLEANS — Ending weeks of intense speculation, Vice President George Bush announced Tuesday that Senator Dan Quayle of Indiana, 41, a conservative who has specialized in military and budget issues, would be his running mate. Mr. Bush unveiled his choice for the vice presidential spot on the ticket at a welcoming rally for the Republican nominee-to-be soon after arriving in New Orleans from Washington. "My choice is an outstanding U.S. senator," Mr. Bush said. "He is a leader in matters of national security."



Senator Dan Quayle

The vice president added that Mr. Quayle is "a dynamic young leader for the future of our party and of our nation." The senator, in brief remarks at the rally, said he was "a bit numbered" and told the crowd: "George Bush will keep the freedom and peace in this world." "We will win," he added, "because America cannot afford to lose."

Klosk

Israelis Kill 2 In Prison Riot

JERUSALEM (Reuters) — Israeli troops shot and killed two Palestinians and wounded three on Tuesday in rioting at the desert prison camp of Ketziot, an army spokesman said. Military sources said dozens of prisoners, most of them detained without trial for alleged involvement in the eight-month-old Palestinian uprising, took part in the riot. No injuries to Israeli personnel were reported. (Related article, Page 2)

Soviets' Steel City Is a Poisoned Dream

By Bill Keller New York Times Service MAGNITOGORSK, U.S.S.R. — Day and night, the smokestacks of the Magnitogorsk Metallurgical Kombinat heave plumes of orange, black and white into a perpetually hazy sky. This sight once inspired Soviet poets to pen heroic couplets about the city — "Eternal city! Iron city!" — built in the first fever of Stalin's industrialization campaign and still reckoned to be the world's largest steel producer. Today, Stalin's city of steel is the problem of Mikhail S. Gorbachev, a decrepit giant coughing his spit into the air over the Ural Mountains and defying the economic good intentions of Mr. Gorbachev's campaign to revive the Soviet economy under efficient management. Here in the Russian "rust belt," a visitor fresh from the heady political circus in Moscow finds a sobering dose of the realities Mr. Gorbachev is up against in his attempts to stimulate the Soviet economy. To be sure, his policies have meant startling changes for this working-class city of 430,000. The city newspaper has grown bolder, writing about fatal accidents in the steel plant and about the local results of Stalin's terror, subjects that were long untouchable. There is a daring bit of nudity in a play about prostitutes on the stage of the Metalworkers' House of Culture and a surge of anti-Stalinism in the movie theaters. People can now buy \$2.80 pork kebabs or \$650 custom-chiseled marble tombstones from independent vendors, an outgrowth of Mr. Gorbachev's move to open the doors to a bit of private enterprise. A more striking symptom of the Gorbachev revolution is an independent political group that gathers each Thursday night at the corner of Marx and Gagarin to demand cleaner air through curbs on the steel mill. The group is grudgingly tolerated. But so far, the citizens say they have seen more glasnost, or open-



Richard S. Williamson, an assistant secretary of state, said the U.S. would pay its share for UN peacekeeping forces but would still withhold regular funds. Page 6.

Candidacy by Franjieh Sparks Lebanese Crisis

By Ihsan A. Hijazi New York Times Service BEIRUT — Suleiman Franjieh, the Lebanese president when civil war broke out in 1975, announced Tuesday that he was running again for president, and his opponents quickly warned that his nomination would plunge the country back into civil war. Mr. Franjieh proclaimed his candidature two days before the Lebanese parliament was due to convene to choose a successor to President Amin Gemayel, whose six-year term in office will expire Sept. 23. In a statement from his summer residence in the north of the country, Mr. Franjieh, 78, told the Lebanese people: "I am determined, with your help, to take on the responsibility to end the unbearable crisis and save the nation." Mr. Franjieh's opponents are campaigning to persuade deputies not to attend the parliamentary session on Thursday. Thirty of the 76 deputies were reported to have indicated they would stay away.

Lawyer Reports That Mandela Has Tuberculosis

By William Claiborne Washington Post Service JOHANNESBURG — Nelson Mandela, the imprisoned leader of the African National Congress, has tuberculosis, his lawyer said Tuesday after visiting the 70-year-old black nationalist in a Cape Town hospital. "Mr. Mandela is very thin, but he is on his feet," the lawyer, Ismail Ayoub, said after returning from Cape Town with Mr. Mandela's wife, Winnie, and youngest daughter, Zindzi. He declined to speculate whether Mr. Mandela's life was in danger. The disclosure is certain to increase pressure, both locally and internationally, on the South African government to release Mr. Mandela, one of the world's most celebrated prisoners convicted of politically motivated crimes. It is widely believed in South Africa that Mr. Mandela's death in prison would lead to civil unrest. He has been in prison since 1962. The congress, in a statement issued in Lusaka, Zambia, accused prison officials of "callous neglect" prior to Mr. Mandela's hospitalization. Tuberculosis is a contagious bacterial infection that can be fatal, but which normally responds to treatment with drugs. Mr. Ayoub said that during a biopsy performed Saturday, which showed no sign of malignancy in Mr. Mandela's inflamed left lung, doctors drained three liters (more than three quarts) of fluid that had built up around the lungs. Mr. Ayoub said that when he saw him Tuesday, Mr. Mandela was short of breath, had a persistent cough and had impaired speech. On Friday, Mr. Ayoub said, Mr. Mandela lost his voice completely. The South African Prison Services refused to comment Tuesday. Senior government officials repeatedly have said they would like to release Mr. Mandela, but that in a sense they are hostages to his prominence as a symbol of the blacks' struggle against apartheid. Mr. Botha repeatedly has offered to release Mr. Mandela and other top congress leaders if they renounced violence and agreed to work for change within the South African Constitution. Mr. Mandela has replied, however, that he cannot accept conditions for release while still incarcerated, and that he cannot work within a constitutional system that deprives the black majority of the right to vote.

General News

Burma freed 51 seized in demonstrations as troops return in force to capital. Page 6.

Business/Finance

Britain may need to raise taxes to cool inflation, the OECD said. Page 11.

See TRADE, Page 15

Khmer Rouge Proposes a 14-Point Peace Plan

By Reuters BANGKOK — Khmer Rouge guerrillas proposed a 14-point peace plan for Cambodia on Tuesday that would put the armed forces of each warring faction under international supervision. Diplomats said it was the first time the Khmer Rouge had accepted the idea of political and military curbs. The plan was outlined in a clandestine Khmer Rouge radio broadcast monitored in Bangkok. The broadcast quoted a Khmer Rouge leader as saying that measures should be taken to prevent the Khmer Rouge from returning to power alone and abusing others, and also to prevent one party from abusing other parties. It said a cease-fire should follow "a comprehensive and unambiguous agreement" on the withdrawal of Vietnamese forces. Western diplomats said Hanoi and Phnom Penh were likely to reject elements of the Khmer Rouge plan. The radical communist movement appeared to be testing the sincerity of Vietnam's promise to withdraw its troops by offering to curb its forces and share power in a future government. Vietnam invaded Cambodia in late 1978 to oust the Khmer Rouge, led by Pol Pot, which is widely blamed for the deaths of up to one million Cambodians from 1975 to 1979. The Khmer Rouge plan proposes that a provisional four-party government be set up after the dissolution of the guerrilla coalition and the Hanoi-installed government in Phnom Penh. The provisional government would be headed by the exiled Cambodian leader Prince Norodom Sihanouk. The four-party government would hold internationally supervised elections for a constitutional assembly that would create a new administration. The plan also calls for a four-party national-

Worried by Global Climate? What the Visionaries Suggest Can Be Done About It

By William J. Broad New York Times Service NEW YORK — As scientists and public officials urge painful and expensive measures to prevent climate change — reducing energy use, developing alternative sources of power, curbing production of destructive pollutants — visionaries are dreaming of more direct, if seemingly fantastic, countermeasures. They are exploring extraordinary ways to combat pollution in the Earth's atmosphere and its threat of climatic upheaval. They envision environmental wars fought with lasers that blast apart harmful chemicals, satellites that beam safe energy to Earth, micro-organisms that soak up pollutants and chemical-releasing airships that replace critical elements being removed from the Earth's atmosphere. One aim is to counter the gases that produce the greenhouse effect, which is thought to be gradually warming the Earth, threatening to raise oceans and damage agricultural production. The current U.S. heat wave has created a sense of urgency among scientists and government policy makers seeking ways to curb the impact of the greenhouse effect. Another aim is to halt the breakdown of the ozone layer, which blocks the sun's ultraviolet rays. Work on futuristic cures for soaring U.S. temperatures are slowing commerce and quickening tempers. Page 3. these pollution problems started in the 1970s and has accelerated in the 1980s as concern has grown about potential atmosphere damage. Experts involved in the research stress that the ideas are often untested and could be risky. Most experts agree that for now, preventing the release of harmful gases into the sky deserves far higher priority than efforts to fix a damaged atmosphere. Yet the surge of creative thinking, they add, could ultimately play an important role in the battle to stabilize the Earth's changing weather, especially if conditions take a dramatic turn for the worse. "Some of this is mighty speculative," said Thomas H. Stix, a Princeton University physicist. "But if we have a couple of summers like we just had, people are going to get pretty panicky over what we should do about it." Key questions are whether the techniques are safe and feasible, and, if so, whether the potentially huge cost of carrying them out would be economically justified. In addition, some experts warn that large-scale intervention in the Earth's delicate and poorly understood cycles of climatic chemistry could trigger unwanted side effects. Backers of the research say its value often lies not so much in sparking concrete plans as in inspiring thought about how, ultimately, to deal with climate problems. "This area has been given little

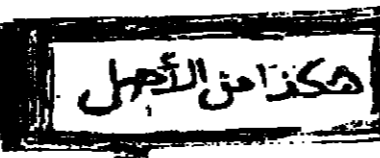


Pedestrian wades a wet street Tuesday after Zurich was hit by its heaviest rains in decades.

Takeshita Apologizes For Slur on U.S. Blacks

By David E. Sanger New York Times Service TOKYO — Prime Minister Noboru Takeshita of Japan has apologized to the U.S. Congressional Black Caucus for comments by a senior Japanese politician suggesting that American blacks often go bankrupt to avoid paying debts. Mr. Takeshita made the apology, which was vaguely worded, in a letter to Representative Mervyn Dymally, a California Democrat and chairman of the Black Caucus. The Japanese Foreign Ministry released a summary of Mr. Takeshita's letter, bearing Friday's date, but refused to release the text. In Washington, the caucus said it had seen only an unsigned facsimile of the letter. Amelia L. Parker, director of the caucus, said, "Until we receive an actual signed copy of the letter, Mr. Dymally is not in a position to respond." According to the summary, Mr. Takeshita said he regretted that the incident "wounded friends in the United States," and added that there was "no room or justification for racial discrimination." But he did not respond to the caucus's demands that Japan start a public education program on racial issues. Mr. Takeshita's letter came as Japan tried to close two incidents — one involving Michio Watanabe, a leader of the ruling Liberal Democratic Party, another centering on Little Black Sambo figures on sale in department stores here — that brought sharp protests and threats of consumer boycotts from black groups in the United States. While the incidents were not widely publicized in Japan, the Japanese Embassy in Washington urged Mr. Takeshita and the Foreign Ministry to take the protests seriously so that, in the words of one Japanese diplomat, Japan is not "perceived as a nation of racists." Mr. Watanabe, an outspoken man who is sometimes mentioned as a candidate for prime minister, made his comments late last month in a speech about American consumer habits. Speaking generally about Americans, he said: "They use credit cards a lot. They have no savings, so they go bankrupt." Japanese, he said, might commit





# Funeral Becomes Anti-Noriega Protest

By William Branigan  
Washington Post Service

PANAMA CITY — Arnulfo Arias Madrid, a three-time president of Panama and patriarch of the political opposition to military rule, has been buried in a funeral that turned into a massive outpouring of popular sentiment against the rule of General Manuel Antonio Noriega.

Mr. Arias, who would have been 87 Monday, died Wednesday of a heart attack in Miami, where he had been living in exile since last fall. When his body was flown to Panama City Saturday evening, it took five hours for his casket to be driven from the airport to the cathedral through streets jammed with thousands of people, many of them holding candles and opposition banners.

the cortege shouted slogans against General Noriega and demanded "justice." Mr. Arias, who would have been 87 Monday, died Wednesday of a heart attack in Miami, where he had been living in exile since last fall. When his body was flown to Panama City Saturday evening, it took five hours for his casket to be driven from the airport to the cathedral through streets jammed with thousands of people, many of them holding candles and opposition banners.



Mourners at funeral of Arnulfo Arias Madrid in Panama City signal the "V," meaning "we will return," used by the former president.

## Sweltering Heat Prolongs A U.S. Summer of Discontent

By Dirk Johnson  
New York Times Service

CHICAGO — In what seems to be an endless August, the grinding heat all across the United States is stifling commerce and turning the summer into a season of peril.

without power had to close, Mount Sinai and Metropolitan Hospitals voluntarily switched to backup power, Con Edison imposed an 8 percent voltage reduction on 250,000 Upper East Side residents, and there were dozens of minor medical emergencies, many involving elderly people in high-rise buildings.

ly hot summer had been caused by a shift in a high pressure system from the island of Bermuda, about 600 miles (972 kilometers) off the Carolina coast, to the upper Midwest. The reason for the shift, meteorologists said, was a mystery.

## U.S. Cities Hit Record Highs

The Associated Press  
Monday was hot just about everywhere in the U.S. East and Midwest. Here are a few of the cities that hit record high temperatures:

Washington 103 degrees Fahrenheit (39 centigrade), old record: 97 in 1965; Indianapolis 96 (36), old record: 95 in 1936; Philadelphia 98 (38), old record: 95 in 1947; Washington, D.C. 103 (39), old record: 98 in 1985.

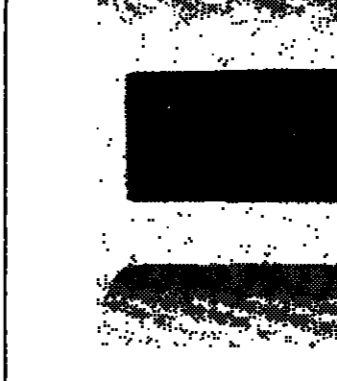
## Condolences Are Sparse for Gulf Victims

New York Times Service

WASHINGTON — An appeal by the Reverend J.W. Canty for letters of condolence to the families of the 290 people killed on an Iranian airliner shot down by the U.S. Navy has drawn only a modest response from members of Congress.

The Episcopal priest in New York started his campaign shortly after the incident in the Gulf on July 3. He plans to deliver the letters to members of victims' families.

## Among the riches of Beverly Hills, a little gem of a hotel.



The Beverly Pavilion is one of two small, fashionable Beverly Hills hotels that are run in the European style, under the direct supervision of the proprietor himself. And we offer our guests the ultimate Beverly Hills experience: free limo service to glorious Rodeo Drive.

**BEVERLY PAVILION**  
A Max Barr Hotel  
9360 Wilshire Blvd., Beverly Hills, CA 90212. Telex No. 691 366.

## CLIMATE: Here's What the Visionaries Think Might Be Done About It

(Continued from Page 1) thought," said Wallace S. Broecker, professor of geochemistry at Columbia University.

Other ideas include firing aloft "bullets" of frozen ozone, or placing solar-powered ozone generators in high-altitude balloons.

side into the atmosphere, causing a slight planetary cooling. Mr. Broecker said about 35 million tons of sulfur dioxide would have to be transported to the stratosphere each year to counter the global warming produced by a doubling of the carbon dioxide in the Earth's atmosphere, which is expected in the next century.

surface could compensate for a doubling in carbon dioxide. Some space scientists have contemplated using such shields to make Venus less hot. The costs and benefits on Earth have not been determined.

**INTERNATIONAL Herald Tribune**  
Published With The New York Times and The Washington Post

**Now Printed in New York For Same Day Service in Key American Cities.**  
To subscribe call us toll-free in the U.S.: 1-800-882 2884.  
(In New York, call: 212-752 3890.)  
Or write: International Herald Tribune, 850 Third Avenue, New York, N.Y. 10022.  
Or Telex: 427175. Or Fax: 212-755 8785.

**AUSTRALIA**  
**DYNAMIC AND ON THE MOVE**

AUSTRALIANS PRODUCE MANY FINE PRODUCTS AND NEED EXPERIENCED DISTRIBUTORS AND PARTNERS IN FOREIGN COUNTRIES

AUSTRALIANS ALSO BUY A WIDE RANGE OF PRODUCTS FROM AROUND THE WORLD

For trade information, contacts, introductions and product samples, contact  
Neville Wills, The Foreign Trade Desk.

45 Grenfell Street  
ADELAIDE  
SOUTH AUSTRALIA 5000  
Phone: + 618 212 6199; Fax: + 618 212 7434 Telex: A48851

**Deloitte Haskins & Sells**

**DIRECT**  
Your Express Call to the States

Calling the States where you are based is a breeze with USA DIRECT. Dial a number to be connected to an office in the U.S. In some countries, you'll need a special ISADIR card. In many, you'll need a special ISADIR card. In many, you'll need a special ISADIR card.

USA DIRECT is a service to help you stay in touch with your U.S. contacts. In Australia, dial 001-651-0111. In Belgium, dial 001-651-0111.

**AT&T**  
The right choice.

Herald Tribune

Fill the West Bank Vacuum

What is to be done about nearly one million West Bank Arabs who face a loss of basic services now that Jordan has curtailed its role there? There is bound to be hardship since Israel is not likely to let the PLO or the United Nations pay civil service salaries. But the amount needed is modest. With some skill and courage Washington could usefully fill a vacuum.

Bush's Homage to the Right

At yet another jazz brunch in the French Quarter, a mix of cholesterol and music that seems to be the preferred form of entertainment at the Republican convention, Senator Alan Simpson of Wyoming prominently displayed a big campaign button. It was blank. "This," he said, "represents in perfect simplicity the Dukakis platform. You'll be seeing a lot of it this year."

More Vitamins for the B-1?

One of the oldest defense disputes in Washington when Ronald Reagan came to office was how to replace the elderly B-52 bomber. By just saying yes and yes again, the new president appeared to resolve it. He recommended that the air force be allowed to build not merely the problematic Stealth bomber for the mid-1990s and beyond, which Jimmy Carter had authorized, but the more conventional B-1 bomber for the interim, which Mr. Carter had braved the defense community by canceling. For various reasons — the jobs involved, the election returns, the fact that Mr. Reagan used the interim plane as a symbol of U.S. determination to "rearm" — Congress swallowed its doubts and went along. Case closed.

Other Comment

Dancing Around the 'T' Word
Republicans and Democrats have found common cause this year in refusing to talk sense about taxes to the American people. The Democratic platform was an exercise in evasion, with the dreaded 'T' word not even appearing. The Republican platform is vulnerable on the subject of taxes but no more honest or realistic.

Injecting a Whiff Of McCarthyism

WHEN Vice President George Bush, before the Republican platform committee, called Governor Michael Dukakis "a card-carrying member of the American Civil Liberties Union," he injected into the campaign a pale whiff of the witch-hunting McCarthyite '50s. How desperate Mr. Bush must be to become so shrill and so ill-advised! The accusation might be hot stuff at Yale's Skull and Bones, but it is too esoteric to set Ponia ablaze, where few people have ever heard of the ACLU.

It's Time the Real George Bush Made Himself Known

NEW ORLEANS — The merry-makers at the Republican convention are not spending much time boning up on the history of their party, but it might help them win in November if they did. They are naturally pointing with pride to their successes of the last eight years, but the Republicans have not always been good at handling success when they had it. They solved the slavery issue, but then, ignoring Lincoln's advice, followed a policy of vengeance during the Reconstruction period.

Shultz's Mideast Initiative Did Make a Difference

WASHINGTON — King Hussein's dramatic announcement that Jordan would relinquish its claim to Palestinian territory west of the Jordan River probably has generated more press speculation than the Middle East has seen since President Sadat announced in 1977 that he was prepared to travel to Jerusalem.

OPINION



How Bush Can Trump His Rival

By David S. Broder

NEW ORLEANS — This is a test. What do the following words have in common? Canada, Nicaragua, Cuba, Poland, Libya, Grenada, China, Korea, Japan, Afghanistan, Ethiopia, Saudi Arabia, all names of countries, but that is not the right answer.

By James Reston



By Alfred L. Atherton Jr.

WASHINGTON — King Hussein's dramatic announcement that Jordan would relinquish its claim to Palestinian territory west of the Jordan River probably has generated more press speculation than the Middle East has seen since President Sadat announced in 1977 that he was prepared to travel to Jerusalem.

In the Nevada Desert, a Cloud of Hope

By H. Allen Holmes

WASHINGTON — Today in the Nevada desert, America will explode a nuclear device. On site, recording the explosion, will be a team of Soviet scientists and engineers. An unprecedented event, by its nature, but just another example of how the Reagan administration's strategy in pursuing arms control has been the correct one.

By H. Allen Holmes

They have insisted that this joint verification experiment be completed before the protocol is finished. Once all verification concerns have been met and the treaty is ratified, the American side would then propose negotiations on ways to implement a step-by-step program — in association with the program to reduce and ultimately eliminate all nuclear arms — of limiting and ultimately stopping nuclear testing.

100, 75 AND 50 YEARS AGO

1888: Searing Labor

LONDON — The Presidential campaign in the United States has crossed the water practically. An active New York politician has just arrived here to obtain photographs of English, French and German workmen. These are to be multiplied by photography and other processes, and scattered throughout the States by the Republican National Committee.

1913: Suffragette Flees

LONDON — Mrs. Conkurst, the suffragette leader, a convict, left London (Aug. 15), leaving Waterloo station by the 9:45 boat train for Southampton, whence she crossed to Havre. Apparently, instructions had been issued to the police that no obstruction was to be placed in her way.

1938: The CBS Answer

PARIS — The biggest and most powerful television station in the world, now being built in Manhattan's Chrysler Tower, is America's answer to those who claim that the United States is lagged behind other countries in the development of this new medium of communication. This is the view of the operator of the new station, William S. Paley, thirty-year-old president of the Columbia Broadcasting System. The reason that television has not been offered to the American public as yet, he explained, was due to the "complicated and uncertain economic factors."

INTERNATIONAL HERALD TRIBUNE
JOHN HAY WHITNEY, Chairman 1958-1982
KATHARINE GRAHAM, WILLIAM S. FALEY, ARTHUR OCHS SULZBERGER
LEE W. HUEBNER, Publisher
JOHN VINOCUR, Executive Editor • WALTER WELLS, News Editor • SAMUEL ARI, KATHERINE KNORR

The 'Tough' It's Nothing
Sa... Of me... subscribe for... The...
Table with columns: Country, Currency, Area, AS, B, D, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, Rest of Europe, N. Africa, Middle East, Rest of Africa, Gulf, Asia

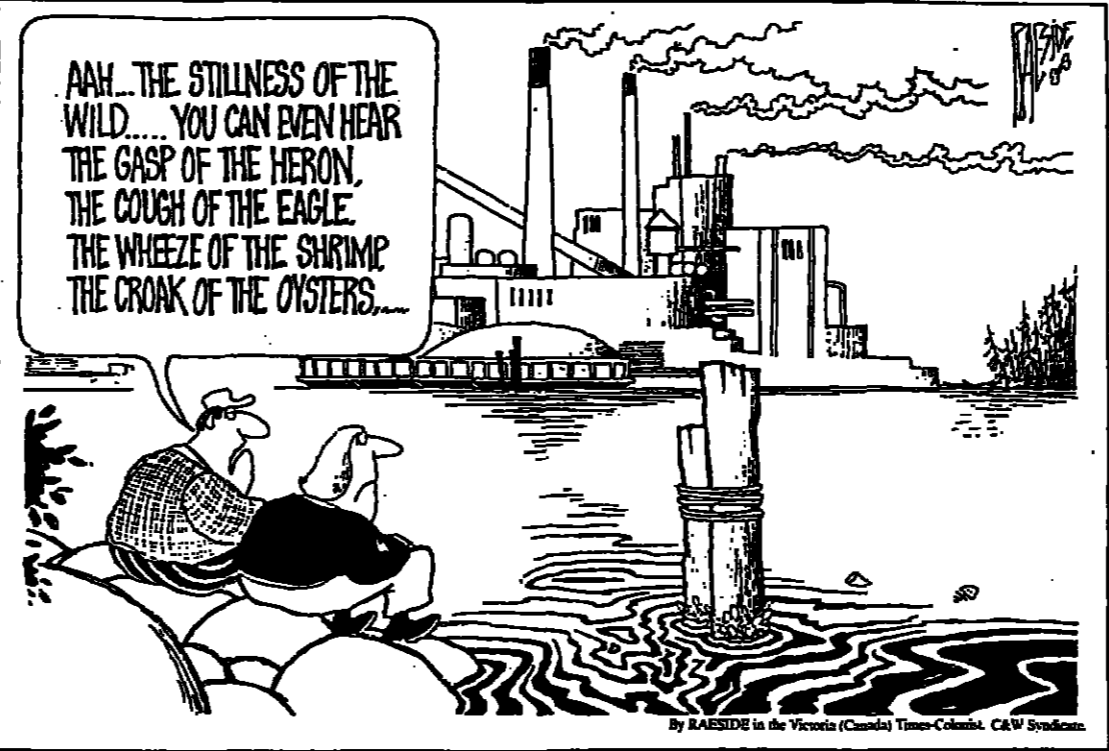
OPINION

The 'Tough-Guy' Drug Bill: It's Nothing to Brag About

By Tom Wicker

NEW YORK — With much bipartisan posturing, the U.S. House of Representatives has approved a "tough" anti-drug bill that will have about as much effect on the drug traffic as to borrow a phrase from the late Senator Everett Dirksen — as a "snowflake on the bosom of the Potomac."

quantities. U.S. Customs alone intercepted 24 metric tons of cocaine in 1986, against only 5.2 metric tons in 1982. Yet in South Florida, the price of raw cocaine has fallen to \$9,000 a kilo, from about \$60,000 in 1982. This can happen only if the supply has increased, despite the greater amounts seized.



By RAESIDE in the Victoria (Canada) Times-Colombist. C&W Syndicate.

LETTERS TO THE EDITOR

The Iran Airbus Disaster: A Commander's Point of View

Regarding "In the Iran Airbus Disaster, a Question, Now, of Honor" (Aug. 5) by Anthony Lewis:

On that sad morning when President Reagan was informed of the downing of the Iranian airliner, his statement was dignified and appropriate. He failed only by not ordering Admiral William Crowe and lesser lights to shut up until all the reports were in.

It's Not Such a Bad Deal

Jack Nusbaum ("A Disturbing Accounting," Letters, July 15) is indeed confused about U.S. Social Security. He says that he is close to retirement and that there is approximately \$275,000 in his account. Let us assume that he will turn 65 in 1988. If he started working at 18, that would add up to 47 years of paying Social Security taxes since 1941.

back the full amount of Social Security taxes you paid, and your monthly payments will rise with the cost-of-living index. It is a better deal than you think.

B.H. SLEMON, Sandhausen, West Germany.

An Unfortunate Invitation

The Socialist group of the European Parliament has invited Yasser Arafat, the head of the Palestine Liberation Organization, to visit Strasbourg in mid-September. Chances are, in light of King Hussein's step to cut his ties to the West Bank and leave responsibility for the area to the PLO, that some of these Strasbourg parliamentarians feel vindicated.

Nothing could be more short-sighted or wrong. For when the king took his step early this month, he was challenging the PLO to take on tasks that it has never had to perform. Nor does the record indicate that it will rise to the challenge.

When asked about the Arafat invitation, Socialist spokesmen of the parliament suggested that it was a step to even matters, since Foreign Minister

This Voter Was Turned Off By Such a Fake Partnership

By Jackie Mason

NEW YORK — Who is a better American — the one who votes or the one who doesn't? I was always told that you were some kind of irresponsible, ungrateful nincompoop if you did not vote, but I found out that the opposite is true.

You are proving you are a dope who has been duped if you do vote. Hardly a word of truth seems to come from either presidential candidate, and they want me to confirm their opinion of me as an

MEANWHILE

idiot by helping either of them get elected. Both parties are equally guilty of debasing my self-respect.

Take Michael Dukakis, for example. He has spent his whole political life as a liberal crusader. Then he found out that although liberalism was a big hit in Massachusetts, it has been a big miss lately on a national level.

So in the tradition of all courageous politicians, he immediately announced that labels mean nothing; it is only principles that count.

Then when he realized that with his principles he could lose the election, he immediately announced that his principles did not count either, and chose for his running-mate Senator Lloyd Bentsen, whose whole life has been dedicated to principles that would destroy all of Mr. Dukakis's principles.

When Mr. Dukakis is confronted with the Bentsen issue, his replies would require you to wear a dunce cap to accept. We are not an exclusive party, he says, we are determined to include all Americans.

But what is the purpose of a two-party system? The purpose is to give me a choice between two positions. If one party includes both positions, it has eliminated my right to choose one position against the other. This determination to win everyone's vote could destroy the purpose of voting.

Since you convinced me, Governor Dukakis, that the difference does not matter to you, why should it matter to me? The fact is, if Mr. Bentsen were running for president, the first man to tell me not to vote for him might be Mr. Dukakis. What right, sir, do you have to inflict him on me as vice president?

A vice president does practically nothing for a living. His only purpose on this earth besides attending funerals all over the world is to take over the presidency in case of a calamity to the president.

Mr. Dukakis is therefore telling Americans one of three things: that if he dies, whatever happens to this country is none of his business; that he was fooling us when he said that the Reagan-Bush-Bentsen policies are so bad for the country, or that Mr. Bentsen never believed in what he was saying or voting for anyway, and will be unprincipled enough to reverse himself about everything he stood for all his life.

People who are serious have no time for fake partnerships. If you wanted to eliminate infidelity from the face of the earth, would you make Gary Hart your partner? If you wanted to wipe out Communism all over the world, would you hire Fidel Castro? If you wanted to raise funds for the United Jewish Appeal, would you give the job to Yasser Arafat? Obviously none of it makes any sense, but no one is outraged or even disturbed. Why? It is called politics. Politics is a code word that means my country is the most important thing on earth, but it is nothing compared to my ambition.

Senator Bentsen does not look good in this story either. Mr. Dukakis could stretch the truth from a hundred directions with pretensions about "party unity." But what is Mr. Bentsen's excuse? His differences with Mr. Dukakis are not about only school prayer. They are also about life-and-death questions like the B-1 bomber, the MX missile, "star wars" and aid to the Contras.

If you, Mr. Bentsen, really believe that people who would dismantle the Strategic Defense Initiative are threatening the survival of the United States, what moral right do you have to serve under Mr. Dukakis?

If a politician gives up the defense of his country in time of war, he will be labeled a traitor; if he does it for money he will be considered a fraud and jailed as a thief. But if he does it for the vice presidency, it is not even considered bad taste.

If you happen to be a Republican who might be happy to read this opinion of the Democrats, let me tell you about George Bush.

Was Mr. Bush any less hypocritical about Ronald Reagan than Mr. Dukakis has been about Mr. Bentsen? Didn't he claim throughout the primary campaign against Mr. Reagan eight years ago that voodoo economics would destroy the United States; that Mr. Reagan was trigger-happy, ignorant in foreign affairs and totally unqualified for the job?

But as soon as he was offered the vice presidency his about-face was so abrupt that even in the incredible world of politics it sounded ridiculous. Suddenly, he never really meant what he said, if he said it he couldn't help it, he didn't mean to say it, he never heard it, he wasn't listening, it wasn't really him who said it — it was his brother-in-law.

In other words, this is politics. I don't have to make sense and, if you are an American citizen, you won't expect it of me. Unlike a personal relationship where you expect trust, or business where you expect some integrity, this is politics — where you expect nothing.

Mr. Mason, the comedian, is currently appearing on Broadway in a one-man show and in the film "Caddyshack II." He contributed this comment to The New York Times.

Save 40% or more off your newsstand price when you subscribe for 12 months to the International Herald Tribune.

The longer you subscribe the more you save.

Table with columns: Country/Currency, 12 months + 52 ISSUES, % SAVINGS, 6 months + 26 ISSUES, % SAVINGS, 3 months + 13 ISSUES, % SAVINGS. Rows include Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Rest of Europe, Rest of Africa, Asia.

\*In Germany, hand delivery is available in major cities on publication date. For details, please check here and fill in your address below.

At these rates, you can get early morning hand delivery in the following cities: Oslo, Stavanger, Stockholm, Göteborg and Madrid. Offer valid through December 31, 1988 for new subscribers only.

International Herald Tribune

To: Subscription Manager, International Herald Tribune, 181, Ave. Charles-de-Gaulle, 92521 Neuilly Cedex, France. Tel.: (1) 46 37 93 61. Tlx.: 612832.

Please check the subscription term you desire: 52 extra issues with a 12-month subscription (364 issues in all), 26 extra issues with a 6-month subscription (182 issues in all), 13 extra issues with a 3-month subscription (91 issues in all).

My check is enclosed. Please charge to my credit card account: Access, Amex, Diners, Visa, Eurocard, MasterCard.

Card account number, Card expiry date, Signature (necessity for credit card purchase), Name, Tel/Telex, Address, City, Country.

QUICK SERVICE: Delivery will begin within seven days of receipt of your order. 17-8-88.

Welcome to the circle.





International Business Message Center

**ATTENTION EXECUTIVES**  
Publish your business message in the International Herald Tribune...  
We need USA AGENTS to sell direct to Importers/Wholesalers...  
**BUSINESS OPPORTUNITIES**  
**OFFSHORE & UK LTD COMPANIES**  
**MEDICAL OPPORTUNITY**  
**COMPUTER PORTRAITS**  
**TORONTO BUSINESS**  
**FOR SALE**  
**WANTED TO BUY**  
**FOR SALE**  
**MEDICAL PROJECT**  
**LENDERS REQUIRED**  
**OFFSHORE TAX SHELTER**  
**SLIGHTLY USED TIRES**  
**BODYGUARDS**  
**BUSINESS SERVICES**  
**UK BUSINESS VISAS**  
**MARKETING IN SAUDI**  
**EXPANSION OPPORTUNITY**  
**EXCELLENT REPUTATION**  
**OFFSHORE COMPANIES**  
**U.S. GOVERNMENT LEASE**  
**YOUR BERLIN-PHONE**  
**ATTENTION: Consumer Product Manufacturers**

American Charged as Guerrilla in Peru  
Woman Is Arrested Again in Andes Killings Following Earlier Acquittal

**By Alan Riding**  
*New York Times Service*  
**LIMA** — A woman given to traveling alone through the Andes by bus, attending local religious festivals and collecting Indian weavings, Cynthia S. McNamara seemed an unlikely candidate to become the first American charged with belonging to the Shining Path, a Maoist guerrilla group.

Indeed, soon after she was arrested in Ayacucho last December and accused of being the "gringa" terrorist who murdered two officials from the Health Ministry four months earlier, Ms. McNamara, 40, proved to a judge that she was far from the scene of the crime and was clearly a victim of mistaken identity.

But by then, the soft-spoken Ms. McNamara had been caught in the labyrinthine web of Peru's legal system. She spent four months in jail alongside Shining Path guerrillas, who suspected her of being an American intelligence agent, before she was given "unconditional freedom" by a court in Lima.

Her freedom, though, was not unconditional after all. While a Superior Court reviewed the case, she had to report weekly to the police. Then, earlier this month, after the court had confirmed her acquittal and as she was preparing to leave Peru, she was rearrested to face a new trial on the same charges.

"If there were evidence of a dark conspiracy or of powerful people pulling strings," said a foreigner who has followed the case closely, "it all might be understandable. But most of the problem is the bureaucratic inefficiency of the legal system here."

Since there was no apparent basis for Ms. McNamara's rearrest under Peruvian law, the U.S. Embassy in Lima has expressed its concern to the government. Many Peruvian politicians and newspapers that are convinced of Ms. McNamara's innocence have also protested her detention.

Yet, unless President Alan Garcia Perez intervenes, the police still plan to try Ms. McNamara to Ayacucho and take her on an eight-hour, overland trip through an area rife with guerrilla activity to the remote town of Cangallo, where officials say she must stand trial.

It was near Cangallo on Aug. 13, 1987, that Shining Path guerrillas mistook a car and killed two government workers. Two other passengers were unharmed, and they later testified that the rebels were by a "gringa" — a description that residents of the Andes use to describe any European-looking woman — between the ages of 18 and 20.

The link to Ms. McNamara was provided by José Rada, then prefect of Ayacucho, who recalled that



Cynthia S. McNamara, an American accused of leading a guerrilla attack in the Andes of Peru, being led into prison in Lima. Ms. McNamara was rearrested this month after a court earlier acquitted her.

a few weeks earlier he had met a "gringa" who had accompanied him for several days on a tour of villages. Mr. Rada had taken photographs of Ms. McNamara, which he said witnesses used to identify her as the terrorist, and her arrest was ordered.

By the time she became a suspect in the killings, Ms. McNamara was traveling in Bolivia, Chile and Argentina. She did not return to Ayacucho until Dec. 5, 1987, and paid a courtesy visit to Mr. Rada. Upon leaving his office, she was arrested and held incommunicado for 10 days before being flown to Lima.

Soon afterward, both the witnesses to the Cangallo killings told a judge in Lima that she was not the "gringa" terrorist involved. But by then, the legal process was in motion.

It was only after her rearrest that the development of the case began to get absurd. The district judge in Cangallo, Cesar Amado Salazar, is

Herald Tribune BUSINESS/FINANCE

**MORE BUSINESS NEWS**  
The Trib's business section is now more comprehensive than ever. Every day it's packed with the business news you need. And much, much more.

**Monday:** Eurobonds/International Credit and World Stocks in Review.  
**Tuesday:** International Stock Markets  
**Wednesday:** Madison Avenue  
**Thursday:** International Manager  
**Friday:** Wall Street Watch  
**Saturday:** Economic Scene  
**Tuesday through Saturday:** Currency Markets  
**Personal Investing** on the second Monday of every month.  
And the latest financial figures every day.

WIN A FORTUNE  
Play the Northwest German Class Lottery

**What is the Northwest German Class Lottery?**  
It is an official lottery operated by the Federal States of Northwest Germany, which is state controlled. All lottery draws are held publicly.

**How does it work?**  
The entire lottery, extending over a six-month period, is divided into 6 classes. Each single class has 4 draws except the 1st class, which starts with a bonus draw, and the 6th class with 5 draws. The amount of money given away and the number of prizes increase with each class.

**How much money is given away?**  
The 81st Northwest German Class Lottery has a total of 206,021,000 DM in prize money. A jackpot of 1 million DM or 10 of 100,000 DM are given away in each of the first 24 draws. A jackpot of 2 million DM is guaranteed in each of the final 3 draws! There are also another 240,345 worthwhile prizes ranging up to 500,000 DM.

**What are the odds of winning?**  
Of the 600,000 ticket numbers, 240,417 will win money 1% over 40%. This means one out of every 1 1/2 numbers will be a winner. You can increase your winning chances by playing more than one number. If you play 6 different numbers (Super Six), your winning chances go up to 95%.

**Who can participate?**  
The Northwest German Class Lottery is open to anyone and can be played worldwide. Even if you change your address, you can continue to play. The lottery is worldwide — wherever there is a postal service you can play the lottery.

**How can I enter?**  
Simply complete and mail the attached Ticket Order Coupon below. You will then be sent additional information and lottery tickets. Payments can easily be made by sending an international bank draft (made out in German Marks payable through a German bank) with your order. Otherwise you could send a personal cheque or bank money order in

**Werner Wessel**  
State accredited Lottery Agent  
Kreishausstr. 6a, P.O. Box 3033  
D-4900 HERFORD, WEST GERMANY

**SUMMARY OF PRIZES**  
240,417 PRIZES AT A TOTAL AMOUNT OF 206,021,000 DM

- 3 x 2 Million DM = 6,000,000 DM
- 19 x 1 Million DM = 19,000,000 DM
- 5 x 1 Million DM = 5,000,000 DM
- 5 x 100,000 DM

**MANAGEMENT ADVICE & ADVERTISING AGENCY ALKMAAR**  
Our agency is ready to help you with just about any requirement. Call us for our information package and you will see that only the truly impossible is outside our capabilities. We offer clear, practical advice for such matters as personnel recruitment searching for the best supplier, interior design, work clothing and music systems.

Other services on request. Please contact for further information:  
**Bert Sieckmeijer,**  
**MANAGEMENT ADVICE & ADVERTISING AGENCY ALKMAAR**  
Honthorstaan 318,  
1816 TL ALKMAAR The Netherlands.  
Tel. + 31-72-12 30 59 Tlx. 57768 8  
Telefax + 31-72-12 30 59 Ext. 8  
We cannot guarantee success, but we could suggest the right solution.

**U.S. GOVERNMENT LEASE**  
**New Veterans Hospital**  
15 year lease + 5  
Call USA. 804 673-682  
or 804 673-8073

**OFFSHORE COMPANIES**  
BRITISH VIRGIN ISLANDS \$ 950  
GIBRALTAR \$ 395  
GUERNSEY \$ 550  
HONG KONG \$ 200  
ISLAND NON-BES \$ 450  
ISLE OF MAN \$ 250  
JERSEY \$ 250  
LIBERIA \$ 950  
PANAMA \$ 950

**ATTENTION: Consumer Product Manufacturers**  
Leading industrial and trading group of twelve East European manufacturing and trading of consumer products under registered brands, foodstuffs and allied products, having wide distribution network in South America, U.A.E. and associates in other GCC countries. Interested in expanding present activities by supplementing current products' range. Interested manufacturers/agents may contact with proposals on marketing, manufacturing, joint ventures, redistribution, under-licensing, etc. with introduction and product profile to our:

**YOUR BERLIN-PHONE**  
or telefax. Around the clock your clients call - at a very reasonable rate - leave messages, orders etc. for you. Get information on our complete Service Program.

**Auftrags - Direkt - Service**  
Mittelstrasse 11 - 1000 Berlin 65  
West Germany  
Tel. (30) 36 27-113 24 hrs Service

**INTERNATIONAL BUSINESS MESSAGE CENTER**  
appears every WEDNESDAY.

**TICKET ORDER COUPON**  
Please send me the following NORTHWEST GERMAN CLASS LOTTERY tickets by return post:

..... Full Tickets	at DM 720 each (approx. US\$ 400 or Estg 232)	= DM .....
..... Half Tickets	at DM 360 each (approx. US\$ 200 or Estg 116)	= DM .....
..... Quarter Tickets	at DM 180 each (approx. US\$ 100 or Estg 58)	= DM .....
..... SUPER SIX (7 Tickets) (= 95% chances)	at DM 1,080 each (approx. US\$ 600 or Estg 348)	= DM .....
	Europe DM 12 (approx. US\$ 6.70 or Estg 3.90)	= DM .....
	Overseas DM 21 (approx. US\$ 11.70 or Estg 6.80)	= DM .....

Amount of enclosed cheque in DM or equivalent in US\$ or Estg = DM .....

These DM prices COVER THE WHOLE SERIES of 6 months. Equivalents shown in US\$ and Estg are only approximations and based on exchange rates as of 24. 6. 1988. Payment by DM bank draft drawn on a German bank is recommended and usually free of charge. If you pay by bank transfer, personal cheque, credit card or in foreign currencies, you must add charges. You can only be credited with the DM equivalent received. All cheques should be made payable to Mr. W. Wessel. If included, payments should be received before 23. 8. 1988. Should you order later, enclose your draft with order.

Mail tickets to: Mr. W. Wessel, P.O. Box 3033, Herford, West Germany  
Answer in German  in English

Full Name: \_\_\_\_\_ P.O. Box: \_\_\_\_\_  
Street and Number: \_\_\_\_\_  
City, Country, Postal Code: \_\_\_\_\_  
Charge the required amount to my

NUMBER: \_\_\_\_\_ Expire Date: Month \_\_\_\_\_ Year \_\_\_\_\_  
Card Holder: \_\_\_\_\_ VALID ONLY WHERE LEGAL. Signature: \_\_\_\_\_  
\*NOT AVAILABLE TO RESIDENTS OF SINGAPORE\* 81451

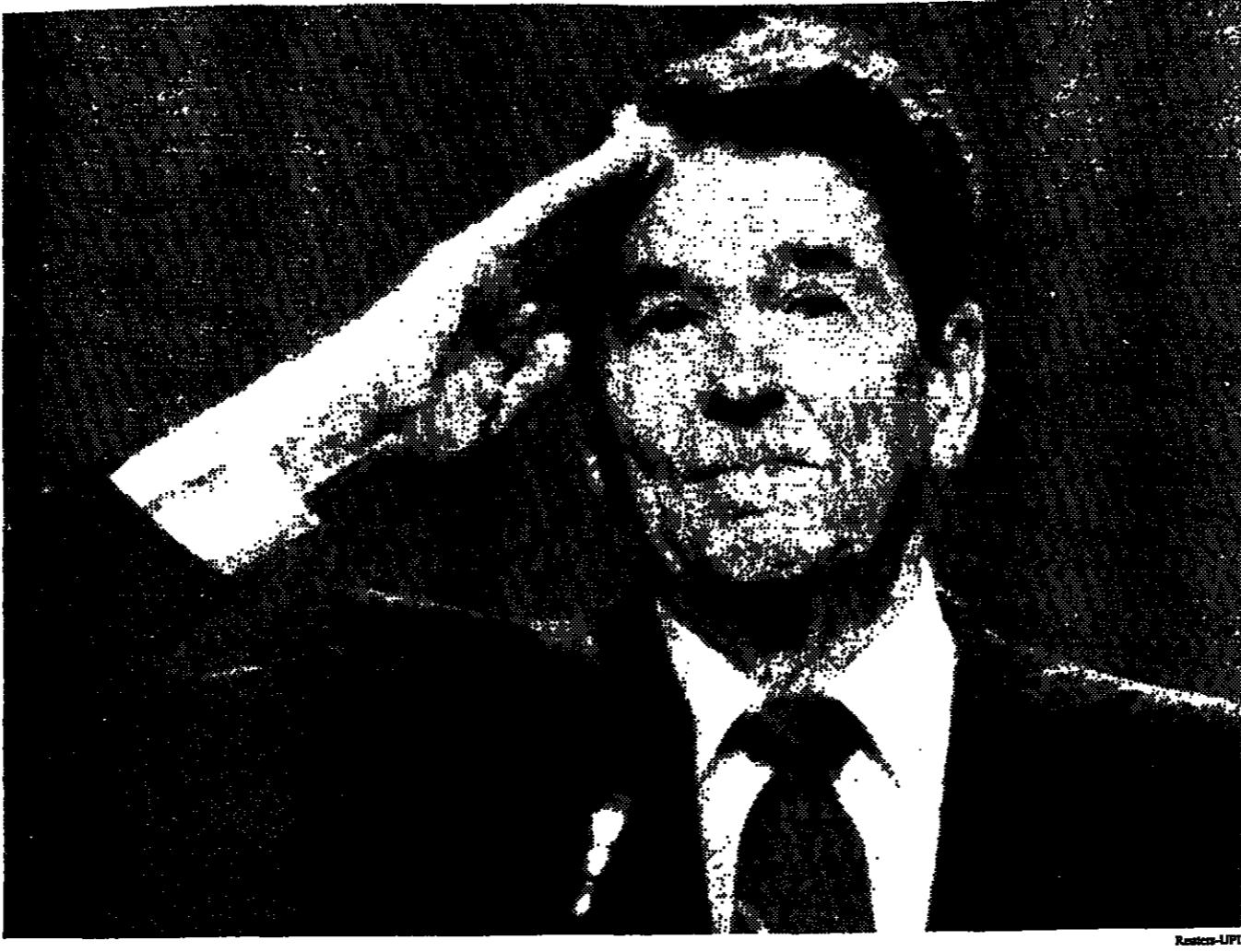
THE REPUBLICANS IN NEW ORLEANS: Reagan's valedictory carries attack on Democrats and stout praise for Bush

Dukakis Shoots Back After Reagan's Speech With a List of 'Facts'

By Andrew Rosenthal New York Times Service

NORTHBORO, Massachusetts — In a strongly worded response to President Ronald Reagan's speech in New Orleans, Governor Michael S. Dukakis threw the president's words back at him Tuesday by reciting a few "stubborn facts" and suggesting that the Republicans were afraid to raise them at their national convention.

the South to keep his chosen issues before the public, has been forced to react to events for the past two weeks. The Democrat's staff has fielded rumors about Mr. Dukakis's mental health and assaults by Mr. Bush on Mr. Dukakis's foreign policy and defense credentials.



President Reagan snapped a commander-in-chief salute at the Republican convention at the end of his talk.

Reagan Lauds Bush As Man of Courage And Salutes Party

By E.J. Dionne Jr. New York Times Service

NEW ORLEANS — President Ronald Reagan has offered stout words of support for Vice President George Bush, and he saluted the Republican Party that had made Mr. Reagan his hero and lifted him to the White House.

the podium and promised never to give a final goodbye. "There's still a lot of brush out on the ranch, fences that need repair and horses to ride," Mr. Reagan said. "But I want you to know that if the fires ever dim, I'll leave my phone number and address behind just in case you need a foot soldier."

For First Lady, Love From the First Fan

By Donnie Radcliffe Washington Post Service

NEW ORLEANS — For Nancy Reagan, it was some finale: a cast of hundreds, an audience of thousands and a not-surprising surprise walk-on by the First Fan himself.

asked rhetorically during a tribute to his wife Monday at a farewell luncheon arranged for her by Maureen Reagan and the Republican National Committee.

courting his favorite leading lady in front of an audience. He wrote the speech himself, and he was reported to be as concerned about it as the one he gave a few hours later before the entire convention.

Dan Quayle, Republican of Indiana, for the ticket. Later, Frank J. Fahrenkopf Jr. brought on a marching "Just Say No" chorus of several hundred youngsters.



Former Senator Barry Goldwater responding to delegates' cheers.

Mr. Reagan started out by pretending to read a speech that he said the White House had prepared for him. But when he reached a line about how involved Mrs. Reagan has been in the "most delicate White House matters including high-level staff," he broke into a grin.

Barbara Cook sang and the comedian Rich Little eliminated his name from any White House dinner lists under a Dukakis administration when he quipped of the Massachusetts governor: "The man has no shoulders. How can you carry the problems of the world on your back when you have no shoulders?"

Haig Is Caustic About Dukakis

The Associated Press

NEW ORLEANS — Alexander M. Haig Jr., former assistant to run for the presidency on the Republican ticket, has called the Democratic nominee, Michael S. Dukakis, a "diminutive clerk."

"Those are the consequences of eight years of borrow and spend, borrow and spend," Mr. Dukakis said. "Facts are stubborn things. These are the facts that we're going to be debating in the course of the next 85 days."

Evangelical Christians Are Crucial Voting Bloc

By T.R. Reid Washington Post Service

NEW ORLEANS — When Devi Wilbur talks to God these days, the conversations often turn to presidential politics. And that unlikely development is a perfect demonstration of the impact that a preacher-turned-politician named Marion G. (Pat) Robertson has had on the 1988 campaign.

Christians. Generally, polls suggest that about a quarter of the electorate falls into this category — and that a sizable percentage of those voters identify with the Republican Party on the moral issues that dominate their political consciousness.

that assessment. After Mr. Robertson's overwhelming victory in the Hawaii caucuses, Mr. Ross moved on to district and state conventions with the Robertson tide. Today, as a national convention delegate, he declares, "I'm a Bush voter and proud of it, because he stands up for what we believe in."

Excerpts of Reagan Talk to Republicans

Reuters

NEW ORLEANS — Following are excerpts of President Ronald Reagan's remarks to the Republican National Convention:

with all Americans taken as hostages. We rolled up our sleeves and went to work in January of 1981; we focused on hope, not despair.

None of our achievements happened by accident, but only because we overcame liberal opposition to put our programs in place. Without George Bush to build on those policies, everything we have achieved will be at risk.

up close — when the staff and cabinet members have closed the door and when the two of us are alone. Someone who's not afraid to speak his mind and who can cut to the core of the issue. Someone who never runs away from a fight, never backs away from his beliefs, and never makes excuses.

As it happened, Mr. Robertson's campaign fizzled quickly, in part a victim of the candidate's fiery temper and his penchant for uttering "funny facts" that he could not substantiate. But Mrs. Wilbur's determination to build a moral nation via the ballot box has not faded. Today, she says she is working, hoping and literally praying that Vice President George Bush will defeat Michael S. Dukakis for the presidency in November.

Mr. Nuttle said supporters of Mr. Robertson had a "wide range of tolerance" on issues like taxes and trade.

Today we have the first treaty in world history to eliminate an entire class of U.S. and Soviet nuclear missiles. We are working on the Strategic Defense Initiative to defend ourselves and our allies against nuclear terror, and the best Soviet nuclear are the best they've been since World War II.

We need someone who's big enough and experienced enough to handle tough and demanding negotiations with Mr. Gorbachev — because this is no time to gamble with on-the-job training. We need someone who's prepared to be president and who has the commitment to stand up for you against massive new taxes and who will keep alive the hope and promise that keeps our economy strong.

So, George, I'm in your corner. I'm ready to volunteer a little advice now and then, and offer a pointer or two on strategy, if asked. I'll help keep the facts straight or just stand back and cheer. But, George, just one more personal request: Go out there and make it one more for the Gipper.

Schedule of the Main Events

- NEW ORLEANS — Following is a list of the main events scheduled this week at the Republican National Convention.
Wednesday
0001 GMT: Convention called to order by Representative Robert H. Michel.
Addresses
0015 GMT: Education Secretary William J. Bennett
0040 GMT: Senator Pete Wilson of California.
0055 GMT: Senator Pete V. Domenici of New Mexico.

- 0105 GMT: Labor Secretary Ann Dore McLaughlin
0120 GMT: Senator Bob Dole of Kansas
Presidential Nomination
0135 GMT: Senator Phil Gramm of Texas nominates George Bush.
0230 GMT: Roll call of the states.
0330 GMT: Announcement of the nominee.
Thursday
Convention called to order by Representative Olympia J. Snowe of Maine.

BUSH: Vice President Says Indiana's Senator Quayle Is the Running Mate

(Continued from Page 1)

blow-dried golden boy. But he set to work to erase that image and carved a niche for himself on the Armed Services Committee, where he specializes in matters involving the NATO alliance.

authorization bill, which Mr. Reagan opposed. Mr. Bush met Mr. Reagan at the airport in New Orleans. The vice president introduced his three Mexican-American grandchildren to Mr. Reagan.

He supported the Reagan administration view that research for President Reagan's space-based missile defense, popularly called "star wars," is permitted under the 1972 Anti-Ballistic Missile Treaty.

He was a supporter of the president's recent veto of the defense

DOONESBURY



Vertical sidebar on the right edge of the page containing various financial and market data, including 'NYSE Most Active', 'New Jones Bond Averages', and 'DOONESBURY' cartoon strip.



ARTS / LEISURE

Rex Harrison Cast Adrift In a Still Admirable Play

By Benedict Nightingale

LONDON — J.M. Barrie's "The Admirable Crichton" has been described as the key comedy of the Edwardian era, a period much given to agonized self-searching about matters of class and rank.

Barrie casts a shrewd eye on English inertia and incompetence, and wonders in so lively a manner that it would be humorous to take offense, whether the wrong people aren't eating the fancy food and the right people serving it.

probably be gripping even if the subject were an ordinary, unsexed Mrs. Klein. Here is a successful but somewhat embattled career woman, trying to stay aloof after her son's unexplained death.

THE LONDON STAGE
clude publicly trashing her mother's reputation and bluntly suggesting that she drove the young man to suicide. And here, warily perched between, is the daughter's friend and Mrs. Klein's protégé, a human weapon and war zone, despite her attempts to remain neutral.

So it certainly turns out in this story. Shipwrecked on an island, the young Lord Loam finds his level as "a jolly aboriginal man" and his butler, the renowned Crichton, becomes the local chieftain.

ously apparent when Mrs. Klein suddenly turns on her daughter and physically attacks her.

Wright may be the first dramatist to have put onstage so self-consciously modern a way of being traditionally human, and he has done so with economy, humor and sympathy.

In John Barton's revival of "The Three Sisters" at the Barbican, the pick of a strong cast is undoubtedly Harriet Walter, who gives as unhibited a performance as one is likely to find when the British are playing Chekhov.



Rex Harrison as Lord Loam, left, and Edward Fox as Crichton.

Visit of Kabuki Troupe Raises a Storm in Seoul

By Fred Hiatt

SEUL — Dancers from the Bolshoi Ballet will soon perform here and Milan's La Scala will open the Olympic Arts Festival.

The production Sept. 3 will be the first since Japanese colonial rule ended in South Korea 43 years ago, and it will mark an exception, not an end, to South Korea's ban on Japanese songs, television shows, movies and other forms of popular and traditional culture.

grown among many Koreans. Anti-American demonstrations have been the most visible result, but polls show that Japan is less popular among Koreans than the United States.

South Korea will welcome the world to Seoul for the Olympic games Sept. 17, but as it seeks, partly through the Olympics, to establish an identity as a fully independent and developed player in the world, a kind of chauvinism and resentment of foreigners has

the streets as a university student in 1964 to protest the normalization of diplomatic relations between Japan and South Korea.

Japan annexed Korea in 1910, its first conquest in the empire-building that eventually led to Pearl Harbor and war with the United States.

The Lost Letters of Lucia Joyce: What Price Family Privacy?

By Caryn James

New York Times Service

IT sounded like a literary scholar's nightmare, the sort of dream that creeps up after too many nights analyzing "Ulysses" into the wee hours.

Scholars and admirers of James Joyce assembled in Venice in June to hear the writer's grandson, Stephen Joyce, address an international symposium.

and a letter to Lucia — but he would not say when they were written or what they said.

No one can know the value of the material. Lucia Joyce's private life has been a subject of literary debate since her youth, when her father saw her verbal rambles as a sign of genius rather than as a symptom of the schizophrenia that doctors had diagnosed.

Stephen Joyce's decision points to complicated issues: What are the legal rights and ethical responsibilities of biographers, scholars and literary heirs?

"Where do you draw the line? Do you have any right to privacy?" he asked, raising questions for scholars to address, and adding one they might find chilling: "What are people going to do to stop me?"

no substantial disagreements in their accounts. As one described it, Joyce obtained the deletion of the Lucia epilogue by threatening to withhold permission to quote from other material throughout the book.

The epilogue was included in early galleys of "Nora" that were sent for review to publications including The New York Times. The epilogue is sympathetic to Lucia, and provides details about her final years at St. Andrew's Hospital in Northampton, England.

There, Maddox writes, Lucia enjoyed occupational therapy. At times she lost herself in fantasies of long-gone suitors, such as Alexander Calder. She prolifically wrote simple letters to old friends.

Though he said he had not read Maddox's book, Stephen Joyce was incensed when he learned of its emphasis on a series of explicit, erotic letters between James and Nora Joyce in 1909. The letters were published in their entirety in 1975, in Richard Ellmann's "Selected Letters of James Joyce."

Deciding when private matters have literary relevance is an issue that scholars redefine endlessly.

"What Joyce has captured in his work has to do with family dynamics," said Christine Froula, who teaches English and comparative literature at Northwestern University and who is writing about Joyce and Virginia Woolf. "Such themes as father-daughter relations, and pre-Oedipal and Oedipal issues, go far beyond the private interests of the Joyce family."

De Rachewitz, 63, who spends about six weeks a year as curator of the Ezra Pound Archives at the Beinecke Library at Yale University, offered a more personal response. "Lucia is a key figure because she seems to have played such an important role in Joyce's life," she said from her home in Italy.

Similarly, the Beckett material might have contained simple birthday greetings and still have been valuable for what it suggested about the author.

In the 1930s, Lucia was romantically obsessed with Beckett, who never returned her affection but was always a loyal friend. Deirdre Bair, who has written the only full-length biography of Beckett, said the material Joyce destroyed was "probably of tremendous importance within the context of the relationship of Samuel Beckett and Lucia Joyce."

Deciding when private matters have literary relevance is an issue that scholars redefine endlessly.

De Rachewitz, 63, who spends about six weeks a year as curator of the Ezra Pound Archives at the Beinecke Library at Yale University, offered a more personal response. "Lucia is a key figure because she seems to have played such an important role in Joyce's life," she said from her home in Italy.

Similarly, the Beckett material might have contained simple birthday greetings and still have been valuable for what it suggested about the author.

Lucia Joyce destroyed was "probably of tremendous importance within the context of the relationship of Samuel Beckett and Lucia Joyce."

De Rachewitz, 63, who spends about six weeks a year as curator of the Ezra Pound Archives at the Beinecke Library at Yale University, offered a more personal response. "Lucia is a key figure because she seems to have played such an important role in Joyce's life," she said from her home in Italy.

Similarly, the Beckett material might have contained simple birthday greetings and still have been valuable for what it suggested about the author.

De Rachewitz, 63, who spends about six weeks a year as curator of the Ezra Pound Archives at the Beinecke Library at Yale University, offered a more personal response. "Lucia is a key figure because she seems to have played such an important role in Joyce's life," she said from her home in Italy.



Stephen Joyce in Paris.

Table with 5 columns: NYSE Most Actives, Market Sales, NYSE Index, AMEX Diary, NASDAQ Index. Contains various stock market data points.

Table with 5 columns: Dow Jones Bond Averages, NYSE Diary, Odd-Lot Trading in N.Y., Dow Jones Averages, Standard & Poor's Index. Contains various financial data points.

Table with 5 columns: AMEX Most Actives, AMEX Stock Index. Contains various stock market data points.

Advertisement for Tuesday's NYSE Closing, featuring the NYSE logo and text: 'Tuesday's NYSE Closing Via The Associated Press'.

Large table with multiple columns and rows, likely containing a list of stock prices or market data.

NYSE Overcomes Trade Data

NEW YORK — Stock prices posted solid gains Tuesday as market participants refused to be discouraged by news that the U.S. merchandise trade deficit for June had widened significantly from the previous month.

Table with 5 columns: NYSE Most Actives, Market Sales, NYSE Index, AMEX Diary, NASDAQ Index. Contains various stock market data points.

Table with 5 columns: Dow Jones Bond Averages, NYSE Diary, Odd-Lot Trading in N.Y., Dow Jones Averages, Standard & Poor's Index. Contains various financial data points.

Table with 5 columns: AMEX Most Actives, AMEX Stock Index. Contains various stock market data points.

Table with 5 columns: NYSE Most Actives, Market Sales, NYSE Index, AMEX Diary, NASDAQ Index. Contains various stock market data points.



Panasonic Office Automation logo and text.

WEDNESDAY, AUGUST 17, 1988

MADISON AVENUE

Giants Seek to Join Forces In the Battle for Europe

By RANDALL ROTHENBERG

NEW YORK — Several of the world's largest advertising agencies...

Last week, the Omnicom Group, the second-largest ad agency...

Young & Rubicam and Foote, Cone & Belding are also considering a joint European media buying unit...

There is frenzied activity ahead of the planned EC unification in 1992

More combinations will undoubtedly ensue. "Everybody is talking to everybody..."

The immediate cause of this frenzied activity is the planned unification of the 12-nation European Community in 1992...

Increasingly, Europe will be served by broadcasters whose reach extends beyond national boundaries...

While there were only 38 television channels in all of Western Europe in 1982...

EUROPEAN ADVERTISING, once tightly restricted by individual governments...

In Europe, unlike the United States, advertisers and their agencies have for several years been able to receive significant discounts...

But the underlying reason the large agencies are examining media buying combines is fear.

One worry is Saatchi & Saatchi and its ability to control the European — if not the global — media market...

Even more, agency executives fear the new media barons. Rupert Murdoch, Robert Maxwell, Silvio Berlusconi...

The rival agencies contemplating media buying combines insist that conflicts for clients whose products compete are simply not an issue.

Komatsu, Dresser Plan Unit

\$1.5 Billion Sales Seen for Venture

DALLAS — Dresser Industries Inc. and Komatsu Ltd. of Japan are to set up a construction-equipment manufacturing and marketing joint venture...

Komatsu is the world's second-largest construction-equipment maker after Caterpillar Tractor Co. of the United States...

Dresser supplies products and services for the energy, mining and construction industries.

The new joint-venture company, Komatsu Dresser Co., will be owned equally under an agreement effective Sept. 1...

The venture will also have exclusive marketing rights worldwide for large electric wheel mining trucks.

Komatsu had sales of 740.6 billion yen (\$5.56 billion) in 1987, down 6 percent from the year before...

The venture will also have exclusive marketing rights worldwide for large electric wheel mining trucks.

Komatsu had sales of 740.6 billion yen (\$5.56 billion) in 1987, down 6 percent from the year before...

Caterpillar's sales rose 11.7 percent to \$8.18 billion in 1987.

Ralph Ytterberg, a senior vice president for operations of Dresser, has been named chairman and chief executive of the venture...

Haruhiko Umeda, a director of Komatsu Ltd., has been elected president and chief operating officer.



Mr. McColl in Charlotte. His experience with bid real-estate loans should come in handy.

McColl Takes on a Texas Challenge

Head of NCNB Has Big Plans for First RepublicBank

By Thomas C. Hayes

CHARLOTTE, North Carolina — Hugh L. McColl Jr. learned a long time ago about the danger of confronting big challenges head-on.

Some 30 years ago, on the lacrosse fields at the University of North Carolina in Chapel Hill, he was bashed so hard by an opposing player that he was knocked unconscious.

"I bit all the way through my tongue," recalled Mr. McColl, who said he weighed only about 145 pounds (66 kilograms) in college.

Mr. McColl, chairman and chief executive of the NCNB Corp., a bank holding company based in Charlotte, is still taking on the big boys.

The North Carolina banker has just leaped into Texas to take over that state's biggest banking franchise.

Two weeks ago, the Federal Deposit Insurance Corp. accepted NCNB's bid to run the ailing First RepublicBank Corp. of Dallas, the latest major bank to succumb to the faltering Texas economy.

NCNB will manage the resulting new entity — called the NCNB Texas National Bank — for two to three months, under its deal with the agency.

What is more, it gets a chunk of the tax-loss carry-forwards that were piled up at First RepublicBank's 40 subsidiary banks — a potential tax savings of about \$700 million.

See NCNB, Page 13

Operating Rate At U.S. Factories Hits 8-Year High

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. factories mines and utilities produced at 83.5 percent of their capacity in July...

The operating rate at all factories climbed to 83.7 percent of capacity, up from 83.2 percent in June. The average over the past 20 years is 80.6 percent.

The brisk rate was another indication that export-led demand and high levels of capital spending in U.S. industry were pushing factories to the limit of what they can produce without expanding.

Economists noted that the resulting production bottlenecks and the higher wages paid to factory workers on overtime shifts could set off price increases in the United States.

Reports of high capacity utilization in previous months were one of the factors that led the Fed last week to raise its benchmark discount interest rate to 6.5 percent from 6 percent.

Figures released last week showed that wholesale prices rose by 0.5 percent in July, the highest monthly rate since March and an annual rate of 5.7 percent. The rate for all of 1987 was 2.2 percent.

"The likelihood of inflation is raised because more parts of the manufacturing sector are showing evidence of running at full capacity," said Robert Dieli, a senior economist with Northern Trust Co. in Chicago.

"Almost everybody agrees that it was a good deal," said Richard Stilling, a regional bank analyst with Keefe, Bruyette & Woods Inc. in New York.

But a successful turnaround may also hinge on a sensitive management style, and NCNB's image in this area has been somewhat tarnished.

By slashing payrolls at some of the drab banks NCNB bought in Florida starting in the early 1980s, Mr. McColl and his squads of recent business-school graduates acquired a reputation as an arrogant crowd.

The George Patton of banking: a blunt-spoken, tough-minded leader with a brash style and a highest since that month.

Increases were widespread throughout the industrial sector, with special strength in materials industries, the Fed said.

OECD Warns U.K. May Have To Raise Taxes

Reuters

PARIS — The Organization for Economic Cooperation and Development told Britain on Wednesday to beware of inflation and said it must cool a consumer spending boom, by raising taxes if necessary.

The OECD said in its annual report on the British economy that Prime Minister Margaret Thatcher's free marketeering and tax-cutting Conservative government might need to raise taxes in its 1989 budget.

"There is no assurance that the economy will slow down of its own accord, and inflationary tendencies need to be closely watched," it said.

"If at the time of the next budget domestic demand is continuing to grow excessively," it said, "then it might be desirable for fiscal policy to be tightened."

The government spurred consumer spending by cutting taxes. The boom was fanned by cheap credit, with bank base lending rates falling to 10-year lows of 7.5 percent earlier this year. Since then, rates have been raised to 11 percent.

Currency Rates

Table with columns for City, Currency, and Rate. Includes Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, and ECU.

Changes in London, Tokyo and Zurich fixed in other centers. New York closing rates. Commercial rates: To buy one pound; to buy one dollar; Units of 100; N.G.: not quoted; N.A.: not available.

Table with columns for Currency, Par \$, and Rate. Includes Argentinian peso, Australian dollar, Canadian dollar, Hong Kong dollar, Indian rupee, Japanese yen, South Korean won, Swiss franc, Taiwan dollar, and Thai baht.

Table with columns for Currency, 30-day, 60-day, 90-day, and Rate. Includes Pound sterling, Japanese yen, Deutsche mark, and Swiss franc.

Interest Rates

Table with columns for Term, Rate, and Currency. Includes 1-month, 3-month, 6-month, and 1-year rates for Dollar, Swiss Franc, French Franc, Yen, and ECU.

Table with columns for Term, Rate, and Currency. Includes 1-month, 3-month, 6-month, and 1-year rates for US Dollar, Japanese Yen, and Swiss Franc.

Table with columns for Term, Rate, and Currency. Includes 1-month, 3-month, 6-month, and 1-year rates for US Dollar, Japanese Yen, and Swiss Franc.

Table with columns for Term, Rate, and Currency. Includes 1-month, 3-month, 6-month, and 1-year rates for US Dollar, Japanese Yen, and Swiss Franc.

De Beers Doubles Its Profit

Reuters

JOHANNESBURG — De Beers Consolidated Mines Ltd. of South Africa, which controls about 80 percent of the world's diamonds, posted on Tuesday after-tax profit of \$19 million (\$335 million) for the first half of 1988, more than double the 1987 figure.

The result followed profit of 393 million rand in the corresponding period last year. Market analysts said it confirmed a recovery in the world diamond market after a five-year slump that started in 1981.

De Beers stock rose by 1.10 rand on the Johannesburg Stock Exchange to close at 39.35 rand.

The company lifted its interim dividend to 45 cents a share from 27.5 cents a year ago.

Analysts also noted that a recent slide in the value of the rand had boosted De Beers' profits in local currency terms because worldwide diamond sales are transacted in U.S. dollars.

During a five-year depression in the diamond business from 1981 to 1986, De Beers held back diamonds from the market and substantially increased its stockpile of gems, a tactic that paid off as demand slowly recovered.

"The very essence of De Beers' operations is to keep demand and supply in equilibrium," Neville Huxham, a company spokesman, said. "The performance of the diamond account confirms that this is now the case."

Mr. Huxham called the results "a signal out of De Beers that the world diamond market is in very good shape."

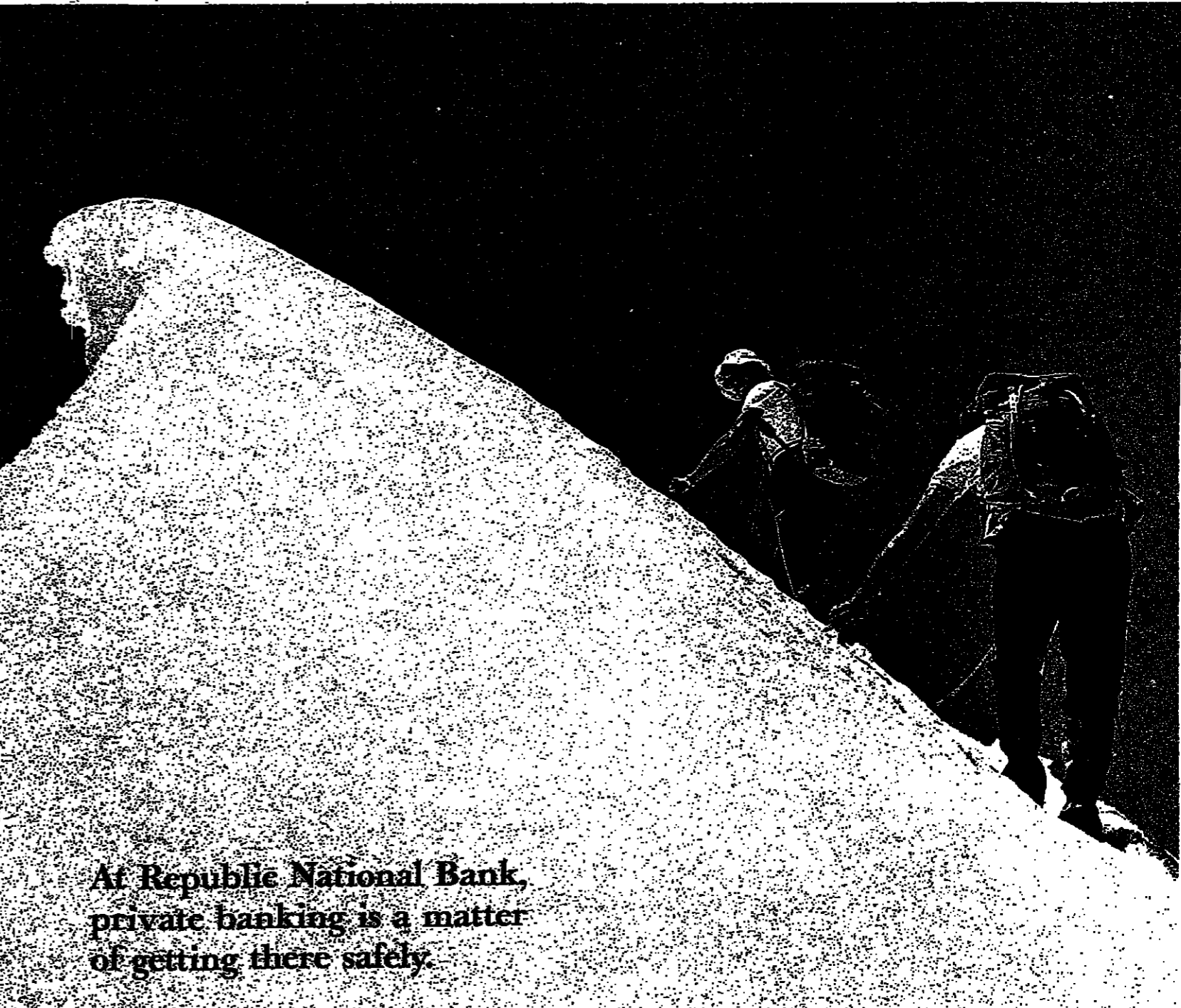
"Indications are that sales will continue to be satisfactory in the second half of the year," the company said in a statement.

Pre-tax profit jumped to 1.19 billion rand from 639 million rand, while net profit including income from associated companies climbed to 1.26 billion rand from 589 million rand.

Leading stockbrokers in London and Johannesburg last week predicted pretax profit of around 1 billion rand, and even the most optimistic forecasters put the interim dividend at no more than 35 cents a share.

"It's a very good performance, and the dividend is well above most analysts' expectations, indicating confidence that the second-half profit growth could be even better," said a Johannesburg broker.

The profit announcement followed a report last month by De Beers' London-based Central Selling Organization that sales of rough gems and industrial diamonds rose to a record \$2.1 billion in the first half of 1988 from \$1.56 billion a year earlier.



Advertisement for Republic National Bank of New York (Suisse) SA, featuring text about private banking and safety.

Floating-Rate Notes

Table of Floating-Rate Notes with columns for Issuer/Mat., Coupon, Next Bid, and Ask.

The Daily Source for International Investors.

U.S. Futures

Table of U.S. Futures including Grains, Food, and Metals with columns for High, Low, Open, High, Low, Close, Ch.

Deutsche Marks

Table of Deutsche Marks with columns for Issuer/Mat., Coupon, Next Bid, and Ask.

Japanese Yen

Table of Japanese Yen with columns for Issuer/Mat., Coupon, Next Bid, and Ask.

E.C.U.

Table of E.C.U. with columns for Issuer/Mat., Coupon, Next Bid, and Ask.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) August 16, 1988

Large table of International Funds with columns for Fund Name, Class, and Price.

Currency Options

Table of Currency Options including Philadelphia Exchange and other markets.

Stock Indices

Table of Stock Indices including S&P 500, NYSE, and others.

Commodity Indexes

Table of Commodity Indexes including S&P 500, NYSE, and others.

London Metals

Table of London Metals with columns for Metal, Price, and Change.

Paris Commodities

Table of Paris Commodities with columns for Commodity, Price, and Change.

London Commodities

Table of London Commodities with columns for Commodity, Price, and Change.

Spot Commodities

Table of Spot Commodities with columns for Commodity, Price, and Change.

Dividends

Table of Dividends with columns for Company, Dividend, and Yield.

U.S. Treasuries

Table of U.S. Treasuries with columns for Maturity, Bid, Offer, and Yield.

S&P 100 Index Options

Table of S&P 100 Index Options with columns for Strike, Bid, Offer, and Yield.

DM Futures Options

Table of DM Futures Options with columns for Strike, Bid, Offer, and Yield.

Bank Makes Court Payment From Accounts of Fred Lee

WASHINGTON — The Securities and Exchange Commission said Tuesday that Standard Chartered Bank PLC paid \$12.4 million to the Federal District Court in New York from accounts maintained by Fred Lee, who was charged by the SEC in June with running a \$19 million insider trading scheme.

Vertical advertisement for Ford's Europe and Maxwell Details.

BUSINESS ROUNDUP

Ford's European Sales Up 8% in Half

COLOGNE — Ford Motor Co. had record European sales of 779,000 cars in the first half of 1988, an increase of 9,500 from the corresponding period of 1987.

Peugeot's Revenue Rose 22% in Period

PARIS — Peugeot SA's consolidated sales rose 21.6 percent to 71 billion francs (\$11.1 billion) in the first half of 1988, the automaker reported Tuesday.

Sales of Ford's Sierra model rose the most rapidly in Britain, Italy and Spain, while in West Germany sales of the smaller Escort and Orion models advanced the most.

First Chicago and Pritzker Are Reported To Study Purchase of Continental Illinois

CHICAGO — First Chicago Corp. is believed to be studying the purchase of its long-time rival, Continental Illinois Corp., market sources said.

Imaginative investment bankers might find ways for a buyer to use Continental Illinois' tax benefits, a banking lawyer said.

Maxwell Details Macmillan Bid Financing

WASHINGTON — Maxwell Communication Corp. said it plans to finance its tender offer for Macmillan Inc. with up to \$2 billion in bank loans and up to \$400 million of cash and securities.

Ltd., which was organized at the request of Maxwell.

banks led by Crédit Lyonnais, which committed on Aug. 12 to provide Maxwell with up to \$1.2 billion of bank financing.

NCNB: McColl Faces a Challenge After the Takeover of a Troubled Bank in Texas

(Continued from first finance page) ruthless disregard for tradition at the banks he takes over.

ny, said he got a taste of this tenacity in Charlotte, where he competed with Mr. McColl for loan business.

father told him, "We're getting along fine without you," and helped him get a job with the American Commercial Bank in Charlotte.

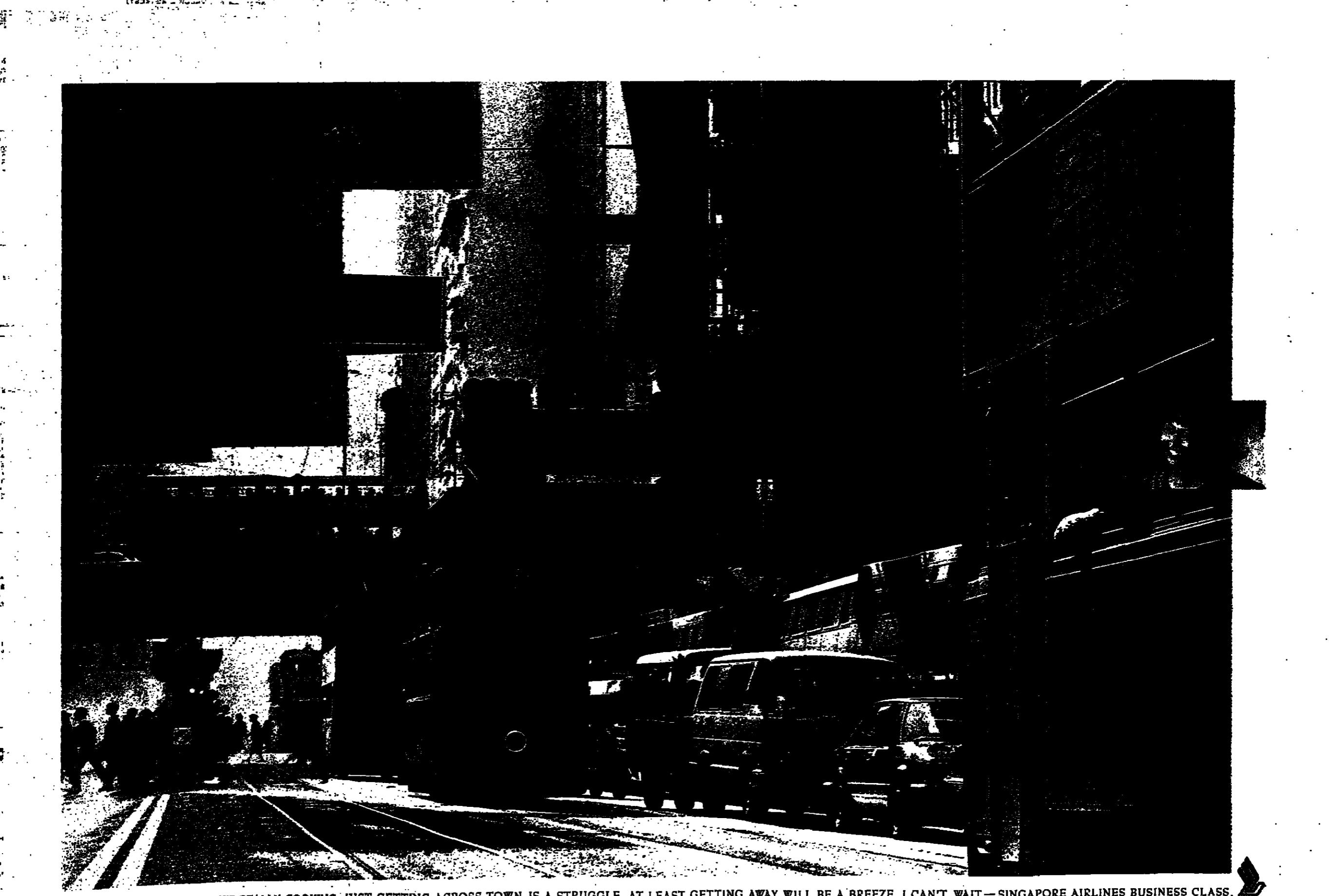
year Mr. McColl took over. And he was tough when it came to criticism.

to business and leadership, an approach he used in the last hours before the FDIC reached its verdict on five competing bids.

plane tickets that would get them to their destination by late Thursday.

IBM Markets New Programs Using Artificial Intelligence

RYE BROOK, New York — International Business Machines Corp. unveiled a number of software programs Tuesday designed to provide corporate and home computer users with advice on topics from equipment design to home mortgages.



SUMMER IN THE CITY, AND IT'S REALLY COOKING. JUST GETTING ACROSS TOWN IS A STRUGGLE. AT LEAST GETTING AWAY WILL BE A BREEZE. I CAN'T WAIT — SINGAPORE AIRLINES BUSINESS CLASS.

Advertisement for CNN International, featuring the CNN logo and text: "The finest hotels in the world offer CNN INTERNATIONAL 24 Hour Global Television News to their guests. Ask for it at your hotel! Consult your travel agent or send an SAE to: CNN International Sales Limited 25/28 Old Burlington Street London W1X 1LB for a list of CNN affiliate hotels"



CURRENCY MARKETS

TRADE: The U.S. Deficit Expanded Sharply in June

(Continued from Page 1) American purchases of foreign goods were concentrated in clothing, office equipment and heavy machinery. Shipments of consumer goods increased by \$700 million. However, oil imports declined to \$5.7 billion in June from \$3.94 billion in May.

The U.S. deficit on trade in manufactured goods rose to \$13.61 billion in June from \$10.99 billion in May. U.S. exports of aircraft fell, as did those of electrical and industrial machinery, communications equipment and power-generating equipment.

In addition, the U.S. farm-trade surplus fell to \$27.8 million in June from \$1.15 billion the month before. William T. Archey, international vice president of the U.S. Chamber of Commerce, said a near-\$1 billion increase in imports of capital goods was related to the report Monday of a 0.8 percent increase in U.S. industrial production and Tuesday's report that American industry operated at 83.5 percent of capacity in July, the highest level in more than eight years.

"There are really beginning to be capacity problems," forcing U.S. companies to go offshore because they cannot meet the needs for capital goods from the United States, Mr. Archey said.

Jay Goldinger, an economist with the Beverly Hills brokerage firm Capital Insight Inc., predicted that the trade deficit would drop and finish the year in consistent single-digit figures.

The gap with almost all major U.S. trade partners worsened in June. As usual, the deficit with Japan was the largest, at \$4.4 billion, up \$300 million from May. The deficit with Western Europe rose \$700 million to \$1.9 billion, while at \$1.1 billion, the deficit with members of the Organization of Petroleum Exporting Countries was unchanged.

London Dollar Rates table with columns for Country, Unit, and Rate.

Bonds Recover To Finish With Small Advance

NEW YORK — Bond prices rose on Tuesday, overcoming early losses suffered when the government reported a larger-than-expected U.S. trade deficit for June.

The bellwether 30-year Treasury bond ended at 97 3/32, up from 96 30/32 at the close on Monday. The yield fell to 9.41 percent from 9.43 percent.

After falling 9/4 point in early trading and having its yield rise above 9.5 percent, the long bond recovered along with the dollar and then gained strength from a short-covering rally.

Despite the trade figures, bonds rose as the market increased to close at 1.8705 DM, down from 1.8822 and at 132.90 yen, down from 133.25.

In London, the dollar fell to 1.5695 Swiss francs at the close, from 1.5793 on Monday, and to 6.3395 French francs from 6.3855, while the British pound rose to \$1.7205 from Monday's \$1.7110.

Trade Gap Seen Herald Higher Interest Rates

NEW YORK — The surprising large U.S. trade deficit for June, with a steep rise in imports, underscored the urgency for higher interest rates to curb vigorous domestic demand, economists said Tuesday.

At the same time, they said that the grudgingly slow pace of underlying improvement in the trade accounts suggested that the dollar's recent strength is inappropriate.

"The economy is growing much too fast to sustain continued trade improvement without having the dollar weaken again," said Robert Brusca of Nikko Securities Co. International.

The U.S. merchandise trade gap widened to a seasonally adjusted \$12.54 billion in June from a revised \$9.76 billion in May. Imports jumped 5.7 percent to \$39.4 billion, while exports also fell, by 2.4 percent to \$26.8 billion.

Economists said the United States faces a grave dilemma over its trade position. In order to quell demand, even higher U.S. interest rates will be needed.

And, while the currency markets will probably respond to the trade figures by taking the dollar lower in coming days, that path ultimately leads to higher inflation.

Economists said the growth in imports was particularly worrying. "The import surge strikes me as a very ominous sign of what lies ahead," said Stephen Roach of Morgan Stanley & Co.

Imports of capital goods, cars and consumer goods were particularly strong. Capital-goods imports jumped 10 percent from the prior month, and for the six months were

Bank of China Will Raise Interest Rates

BEIJING — China will raise interest rates for savings and loan institutions in an effort to curb inflation and persuade people to keep their money in banks, the central bank announced Tuesday.

A spokesman of the People's Bank of China said on state television that rates on deposits will rise by about 17 percent on Sept. 1 and rates on loans will increase by about 14 percent.

Low interest rates have been a major reason for widespread panic buying in China this year. With inflation running at about twice the level of interest rates, people have

FACTORIES: Operating Rate Hits 8-Year High

(Continued from first finance page) gas well drilling, rose to 82.3 percent, up from an operating rate of 81.7 percent in June.

The nation's utilities, working to meet increased air conditioning demands prompted by the summer heat wave, operated at 84.2 percent of capacity in July, up from 83.4 percent in June.

The operating rate at primary metals plants reached 89.5 percent in July, the highest level since July 1979.

The automobile operating rate was 71.4 percent in July after 75.3 percent in June, the Fed said. For non-electrical machinery, the rate rose to 82.6 percent from 81.7 percent and for petroleum refining it

Trade Gap Seen Herald Higher Interest Rates

NEW YORK — The surprising large U.S. trade deficit for June, with a steep rise in imports, underscored the urgency for higher interest rates to curb vigorous domestic demand, economists said Tuesday.

At the same time, they said that the grudgingly slow pace of underlying improvement in the trade accounts suggested that the dollar's recent strength is inappropriate.

"The economy is growing much too fast to sustain continued trade improvement without having the dollar weaken again," said Robert Brusca of Nikko Securities Co. International.

The U.S. merchandise trade gap widened to a seasonally adjusted \$12.54 billion in June from a revised \$9.76 billion in May. Imports jumped 5.7 percent to \$39.4 billion, while exports also fell, by 2.4 percent to \$26.8 billion.

Economists said the United States faces a grave dilemma over its trade position. In order to quell demand, even higher U.S. interest rates will be needed.

And, while the currency markets will probably respond to the trade figures by taking the dollar lower in coming days, that path ultimately leads to higher inflation.

Economists said the growth in imports was particularly worrying. "The import surge strikes me as a very ominous sign of what lies ahead," said Stephen Roach of Morgan Stanley & Co.

Imports of capital goods, cars and consumer goods were particularly strong. Capital-goods imports jumped 10 percent from the prior month, and for the six months were

Tuesday's OTC Prices

NASDAQ prices as of 4 p.m. New York time. The list, compiled by the AP, consists of the 1,000 most traded securities in dollar volume.

12 Month High Low Div. Yld. PE 52 Weeks High Low 4 P.M. CLOSING

Large table of OTC stock prices with columns for 12 Month High Low, Div. Yld. PE, 52 Weeks High Low, and 4 P.M. CLOSING.

Table of stock prices for various companies, including General Electric, IBM, and others.

Table of stock prices for various companies, including American Express, Coca-Cola, and others.

Table of stock prices for various companies, including McDonald's, PepsiCo, and others.

Table of stock prices for various companies, including Johnson & Johnson, Merck, and others.

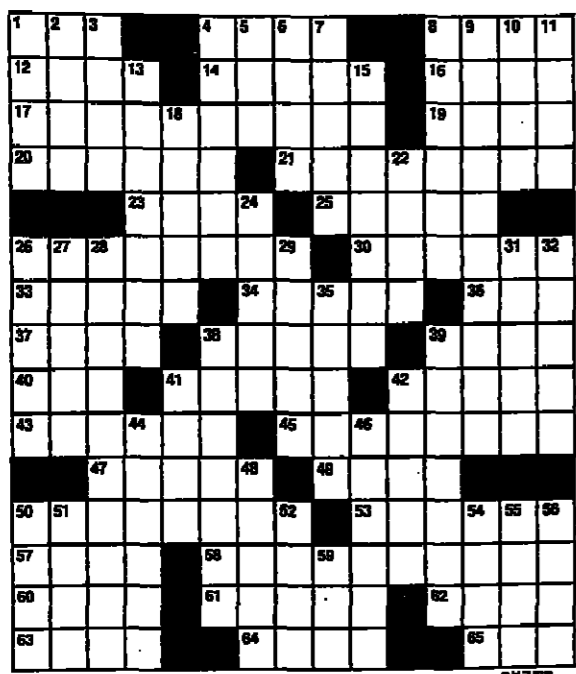
Table of stock prices for various companies, including Pfizer, Eli Lilly, and others.

Table of stock prices for various companies, including Amgen, Genentech, and others.

Table of stock prices for various companies, including Biogen, Abbott, and others.

AMEX Closing logo and text: Tables include the nationwide prices to the closing on Wall Street and do not reflect late trades elsewhere.

Table of stock prices for various companies, including Amgen, Biogen, and others.



ACROSS
1 Goddess of plenty
4 Remunerated
8 Carangid fish
12 Customary function
14 Of sight
16 Biblical weed
17 CHIC ENIG
18 PAL gets fruit
19 Sicilian city
20 Volume in a pew
21 Brine
23 O.T. book
25 Aeschylus creation
26 Gave a shave and a haircut
30 Twelfth U.S. President
33 Objects of adulation
34 Renaissance fiddle
36 Be in arrears
37 The King, foe of Oz
38 French Cubist painter
39 Pale green moth
40 Middle of a palindrome
41 Senegal's capital
42 Become attenuated, with "off"
43 Souchong receptacle
45 They try hard
47 Martinique spotter
49 Sphere or stich predecessor
50 Some touts
53 "The Heart is a Hunter": McCullers
57 Heraldic band
58 Fruit wearing in NINE
60 Formal assembly
61 Hair-raising
62 Man Friday
63 Greek peak
64 Speaker of baseball
65 Nabokov novel
18 Tunisian seaport
22 British servicewoman: W.W. I
24 John or Bo
26 Intelligence man
27 "I may command where I—": Shak.
28 AMPLE PROSE about fruit
29 Painter of ballerinas
31 Dead holder
32 Brings up
35 Ship's parking space
38 Triangular sails
39 Wife of
41 Blockhead
42 Indonesian island
44 Cartagena coin
46 Passes on
48 Vertical
50 Hoopla
51 Novelist
52 Battle
53 E.A.P. COUNT to get fruit
54 Home of Voice AFB
55 Cyrenaica's
58 Belgian river
59 Cot or corn starter
New York Times, edited by Eugene Malachuk.

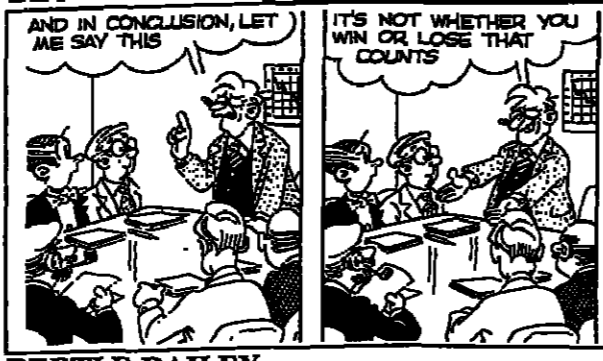
PEANUTS



BLONDIE



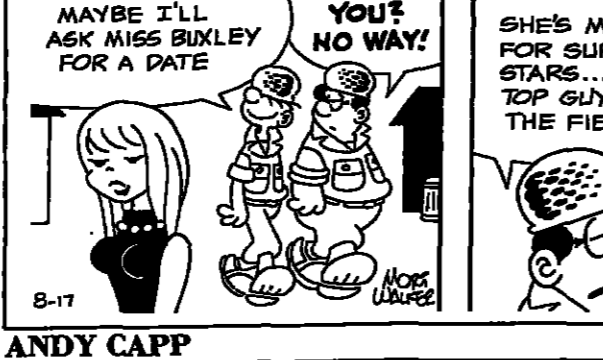
BEEBLE BAILEY



ANDY CAPP



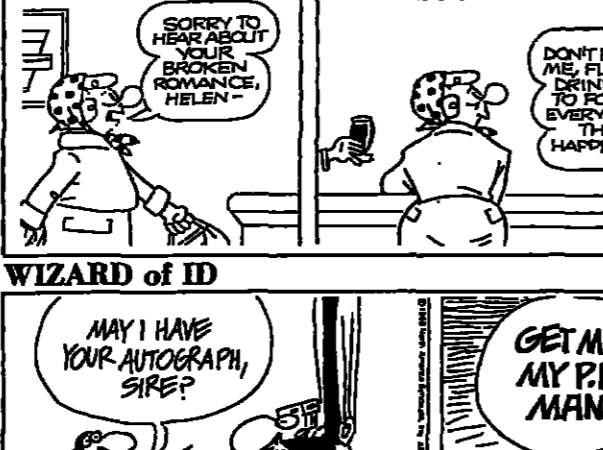
WIZARD OF ID



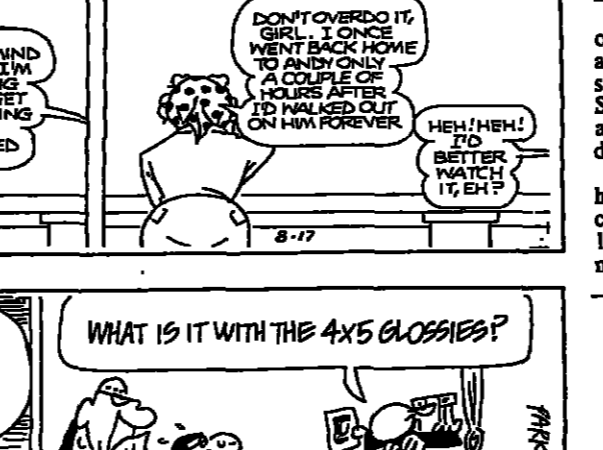
REX MORGAN



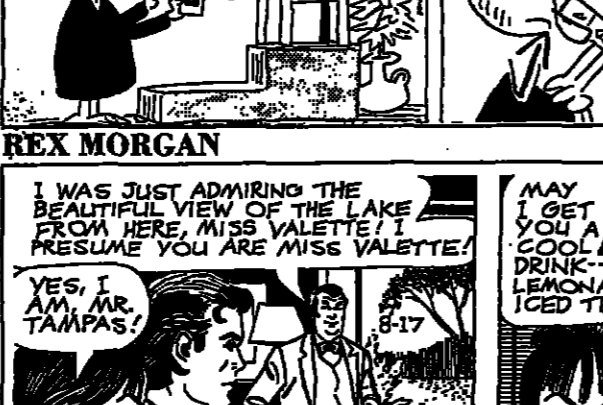
DENNIS THE MENACE



GARFIELD



JUMBLE



WEATHER

Table with weather forecasts for Europe, Asia, Africa, Latin America, North America, Middle East, Oceania, and Sydney.

World Stock Markets

Table showing closing prices for various world stock markets including Amsterdam, Frankfurt, London, Milan, Paris, etc.

BOOKS

JACK OF DIAMONDS AND OTHER STORIES
By Elizabeth Spencer. 184 pages. \$15.95.
Viking Inc., 40 West 23d Street, New York, N. Y. 10010.

Reviewed by George Core

The publication of this book, composed of two short stories and three long stories, shows once again how gifted a writer Elizabeth Spencer is. Nearly all her career she has worked in the shadow of William Faulkner, Endora Waley and other leading U.S. Southern authors. Now, by dint of long persistence and considerable accomplishment, she may be coming into her own so far as critical recognition is concerned.

the old ways than to face change honestly. As in "Jean-Pierre," there is a strong sense of foreboding that runs through this fiction from beginning to end and contributes to its singular distinction and success; it is not merely another story about racial troubles.

George Core, editor of the Southern Review since 1973, wrote this review for The Washington Post.

BEST SELLERS

- List of best-selling books including 'The Cardinal of the Kremlin', 'Alaska', 'Doctors', 'Zoya', 'Timothy's Game', etc.

NONFICTION

- List of non-fiction books including 'A Brief History of Time', 'Trump', 'Talking Straight', etc.

ADVICE, HOW-TO AND MISCELLANEOUS

- List of advice and miscellaneous books including 'The 8-Week Cholesterol Cure', 'With the Sharks Without Being Eaten Alive', etc.

Crossword puzzle solution grid with words like CALM, BOMBS, CENT, ALICE, ADULT, ODOR, etc.

BRIDGE

By Alan Truscott
SOME former world champions found themselves on the sidelines in both major events at the American Contract Bridge League's Summer Nationals in Salt Lake City, Utah on August 3.

John Rayner and Michael Roche of Toronto, Canada, and Dan Gertsman and John Toy of Buffalo, New York, trailed by 52 imps into the final 16 deals of their Spingold match August 3. They recovered 68, to win by 16.

BRIDGE

The Canadians, using Two-Way Stayman, bid to a slightly optimistic grand slam. The grand slam venture might have lost the match and was not needed to win it.

BRIDGE

The diagramed deal contributed to the biggest come-from-behind victory of the week.

BRIDGE

North and South were vulnerable.
NORTH (D)
AKQ8883
338
WEST
AKQ742
0787
AK845
SOUTH
AKQ73
0A110
AK9652

BRIDGE

Surveillance
4726 1970
Subtotal 7169 4720
4726 1970
4726 1970
4726 1970
4726 1970
4726 1970
4726 1970
4726 1970
4726 1970
4726 1970

Large advertisement for 'A Little Per...' featuring a woman's face and text about a baseball player's performance.



SPORTS

Presidents and Hod Carriers Play Hard on Soccer's Street of Dreams

Then, with that faint fleeting smile playing on his lips, he faced the firing squad; erect and motionless, proud and disdainful, Walter Mitty, the undefeated, inscrutable to the last. — James Thurber International Herald Tribune LONDON — Take away the firing squad, substitute a modern...



Minnesota's Gary Gaetti was safe on this sixth-inning steal Monday night, but caught his spikes and sprained his left knee and ankle.

Viola Wins No. 19 as Twins Edge Tigers

Compiled by Our Staff From Dispatches DETROIT — To win the American League Cy Young Award, Frank Viola will need help from the designated baseball writers who vote on the honor. To have a chance at defending his World Series...

Buffalo Nears Attendance Record

NEW YORK — More than a few baseball people scoffed when Buffalo, New York, was mentioned during the major league winter meetings last winter as a possible expansion city. True, the Bisons had led the American Association in attendance in 1987, drawing 497,760 people to the crumbling War Memorial Stadium...

Rob Hughes

equivalent (say soccer's penalty shoot-out), and Walter Mitty lives for sure. From presidents to hod carriers, from heroes of industry to doctors in the front line against disease and malnutrition, there lurks the fantasy of becoming the hero of a game among men chasing a windbag. President Samuel K. Doe, the 38-year-old head of state of Liberia, is apparently as keen on his prowess on the soccer field as were Idi Amin and Papa Doc Duvalier.



Liberia's Samuel Doe: "I want to feel I've scored a genuine goal."

VANTAGE POINT/Peter Alfano

A Little Perspective on a Couple of Fronts

NEW YORK — The commotion has died down. — Life goes on in Chicago. — The earthshaking hockey trade between the Edmonton Oilers and the Los Angeles Kings did not result in a season's movement...

SCOREBOARD

Table with columns for Tennis, Baseball, Golf, and PGA Leaders. It lists various sports events, winners, and scores.

Advertisement for BLANCPAIN watches. It features a large image of a watch face and text: 'BLANCPAIN SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE. HAUSMANN CONCESSIONARIO UFFICIALE ROMA OROLOGIAI DAL 1794 VIA DEL CORSO 406'.

OBSERVER

The Briefcase Brigade

By Russell Baker
NEW YORK — Lately I tense up and start to worry whenever I see young white men in business suits, especially if they are carrying briefcases.

I have only a shred or two of evidence to back it up, but I now operate on the theory that young white men in business suits are a sure sign that bad news is not far off.

By "young," I refer to something about their appearance, rather than their birth dates. They have the untroubled look of men who have never been awakened in the night by the suspicion that they are leading dishonorable lives.

Untroubled should be the leading characteristic of a young man in a business suit. On a grown man in a business suit it is all wrong.

This look has become shockingly common on U.S. senators since a successful television face became essential to membership in that organization. Ed Meese has it. So does Donald Trump. (President Reagan has it, too, but let's not start down that road.)

White men who don't have it, in spite of being younger than Meese, include David Letterman, Ivan Lendl and Michael Douglas. If I saw Letterman, Lendl or Douglas in business suits standing around outside the courthouse, even carrying briefcases, my blood wouldn't turn cold.

I would probably assume they were being sued by their agents. Arriving home, I might feel swell about having seen such famous guys at the courthouse. "Hey, you'd never guess what three exciting white men in business suits I saw today, carrying briefcases!"

I drag the courthouse into this because that's where young white men in business suits are particularly awful to see in my neck of the woods.

From experience, I know such groups are either real-estate speculators or lawyers for real-estate speculators, and they are up to their ears in some disgraceful scheme to disfigure the community for a disgusting profit under the honorable pretext that they are serving progress.

'Liaisons Dangereuses' And Joy of Complexity

By James M. Markham
New York Times Service
PARIS — "Success!" shouted an overwrought John Malkovich, announcing his seduction of a virtuous woman. "At last!" responded a conspiratorial Glenn Close, staminate in a flowing red brocade gown.

When the idea surfaced for a movie version, Hampton said he "wanted someone who would make a film that was not too polite, who would take a too-respectful attitude to the material."

Frears said it was a relief for him to get out of Margaret Thatcher's Britain, where he feels greed and heartlessness are rampant, and to do a big film with American actors.

Frears insisted that he was not doing "an eccentric interpretation" of "Liaisons," and that for points of 18th-century etiquette "there's a count who comes and sets us right. But half the time it's more fun to invent your own world. When you make films you invent a world, don't you?"

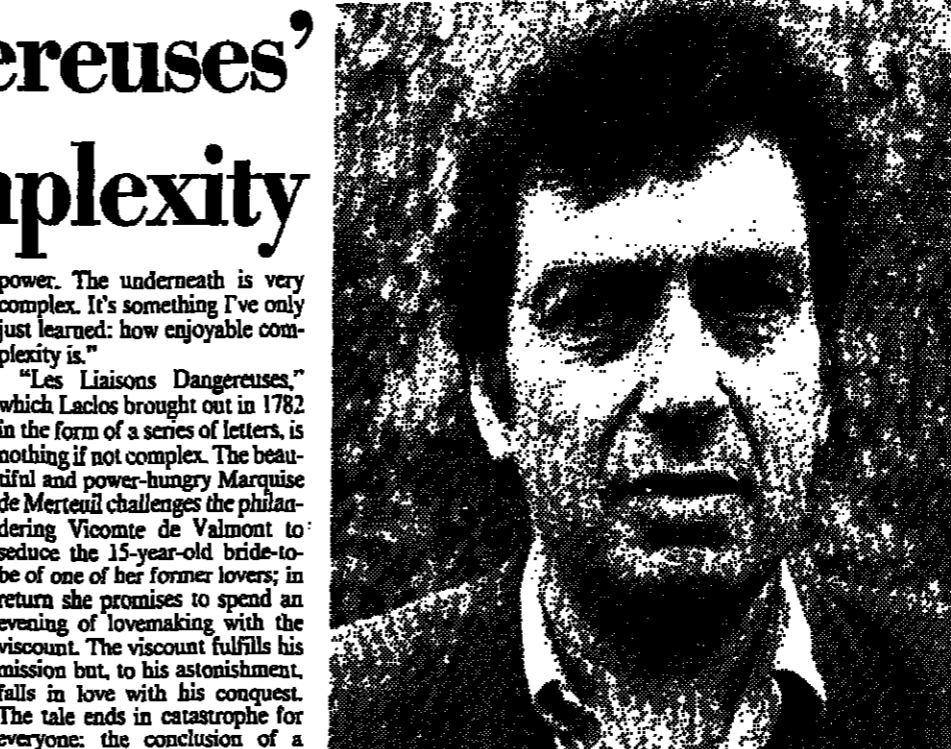
Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.



Director Stephen Frears: "The underneath is very complex."

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

Frears said he had hoped to play the plot-spinning Marquise de Merteuil on Broadway, but a British cast was used instead. She said the chance to do the marquis on film was the fulfillment of a wish going back to her first reading of "Liaisons" a decade ago.

PEOPLE

Zaccaro's Comfy Cell
Prompts Policy Review
Vermont Governor Madeline M. Kinnip, upset by stories that John Zaccaro Jr., 24, son of the former member of Congress, Geraldine Ferraro, is serving a four-month jail term in comfort and style, has ordered a review of the state corrections policy. Zaccaro, sentenced for selling cocaine, is serving his time in a \$1,500-a-month apartment with maid service, cable TV and privileges at the YMCA next door.

Christopher Reeve, who went to Santiago last year to support Chilean actors threatened with death for their opposition to the military government of Augusto Pinochet, plans to return to make a movie. Reeve and the Chilean author Ariel Dorfman are working on a screenplay for a thriller about an American actor who falls in love with a woman in a place like Chile.

A high school friend of Elvis Presley said he has the rock-and-roll singer's first recording, a high school two-song disc Presley made for his mother in 1953. Edwin S. Leek Jr., a retired airline pilot, said that Elvis left the record at Leek's grandmother's house in Memphis, Tennessee 25 years ago. Todd Morgan, a spokesman at Graceland, the Presley home and museum, said it had "kept an eye open" for the record, which he described as "probably the single most valuable record in record collecting."

Chinese television is showing a 28-episode series on the life of the last emperor, Puyi, before the September release of Bernardo Bertolucci's Oscar-winning film. The series has been broadcast somewhat hastily in an apparent attempt to ensure that the officially sanctioned version of the "Last Emperor" is seen before the Bertolucci film, which has caused some official concern.

Lulu, who is starring in the musical "Peter Pan" in London, said she is expecting her second child in April, but admitted it's a "damning" prospect at age 39. "I'm surprised because really we had given up hope," said the singer who was born as Marie McDonald McLaughlin Lulu. Lulu and her husband, hairdresser John Friauf, have an 11-year-old son, Jordan.

NEW ORLEANS — The Press-Telegram's Bush campaign coverage is being criticized by the National Association of Broadcasters, which says the network's coverage is biased and unfair.

NEW ORLEANS — The Press-Telegram's Bush campaign coverage is being criticized by the National Association of Broadcasters, which says the network's coverage is biased and unfair.

NEW ORLEANS — The Press-Telegram's Bush campaign coverage is being criticized by the National Association of Broadcasters, which says the network's coverage is biased and unfair.

NEW ORLEANS — The Press-Telegram's Bush campaign coverage is being criticized by the National Association of Broadcasters, which says the network's coverage is biased and unfair.

TENDER NOTICES

United Nations Development Program
INVITATION TO BID
PROJECT NUMBER ARG/85/R1
The National Agricultural and Livestock Institute (INIA) of the Republic of Argentina...

TO OUR READERS
FROM THE U.S.A.
THE IT IS NOW AVAILABLE IN KEY U.S. CITIES ON DATE OF ISSUE

UP TO 52 FREE ISSUES
When you subscribe to The International Herald Tribune in the daily subscription of...

INTERNATIONAL CLASSIFIED

ANNOUNCEMENTS
ISOLATED DESPAIRING SUICIDE?
IF YOU ARE BUYERS OF real estate, villas etc. in all regions of France, please contact...

REAL ESTATE FOR SALE
CANADA
DESIRABLE TORONTO SUBURB
1. Prestigious heritage estate, nearly 1000 sq. ft. on 4000 sq. ft. lot...

MOVING
MOVE Plus
THE INTERNATIONAL MOVERS
Head Office: World Trade Center, Rotterdam, Tel: 31 (0) 45 2070

FOUR WINDS
INTERNATIONAL MOVING BY THE LARGEST WORLDWIDE MOVING
PARIS OFFICE (1) 34.64.91.91
CALL US FOR AN ESTIMATE YOU WILL BE GLAD YOU DID!

SHIPSIDE
FREE color catalog
Fax: 01/232 76 30
Fax: 01/232 76 30

TRANSO
FOR MORE THAN 12 YEARS EUROPE'S LARGEST SHOWROOM
Tel: 01/232 76 30

EMPLOYMENT
ASSISTANT TO PUBLICATION
MANAGER
JOURNALISTS SOUGHT
GENERAL POSITIONS WANTED

ACCESS VOYAGES
GREAT BRITAIN
LONDON
PARIS AREA FURNISHED
Rental of flat in an office in Paris, by day or more...

AVIATION
AIRPORT REGISTRATION WORLDWIDE
BOATS/YACHTS
CRUISES STOCK 1988

LEGAL SERVICES
U.S.A. IMMIGRATION
U.S. DIVORCE IN 21 DAYS
GUARANTEE DIVORCE

SALES REP
CURRENTLY seeking U.S. territory for a major textile company with 100% domestic...

TRANSLATORS/INTERPRETERS
Any language - Any time, anywhere
Tel: 01/232 76 30

TODAY'S INTERNATIONAL BUSINESS MESSAGE CENTER
Appears on page 7

HOLIDAYS & TRAVEL
HOTELS
ARTS
Page 6 FOR MORE CLASSIFIEDS

Place Your Classified Ad Quickly and Easily in the INTERNATIONAL HERALD TRIBUNE

EUROPE
AMSTERDAM 26-36-15
ATHENS 36-57-23/24-21
BERLIN 36-57-23/24-21

THE DAILY SOURCE FOR INTERNATIONAL INVESTORS

THE DOLLAR
Dow Jones
Up 4.45

Vertical text on the right edge of the page, including "The Global Newspaper" and "Bush Sees A Fierce Campaign".